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CHAPTER 1

GENERAL

1.1 Rules and Regulations

(a) Purpose. The purpose of these rules and regulations is to establish uniform procedures for implementation of RAP and a description of the rights and duties of persons involved in or affected by the administration of RAP.

(b) Development. Rules and regulations shall be developed and amended from time to time by the Superintendent in consultation with all City agencies charged with responsibility for administration of the program and with the CACs which are in existence at the time the regulations are being developed or amended.

(c) CAC Participation. Except for emergency regulations which may be submitted to the CACs and all city agencies charged with responsibility for administration of the program for review and comment after issuance, the Superintendent shall submit all proposed regulations to the CACs for review and comment prior to issuance as regulations. The CACs shall comment in writing to the Superintendent within 60 days of receipt of proposed regulations; however, the Superintendent may grant an additional 30 days for comments. A CAC may propose regulations which the Superintendent must accept or reject within ninety days.

(d) Availability. Rules and regulations governing RAP shall be available for review by the public during regular business hours in the office of the Chief Administrative Officer, the Office of the Clerk of the Board of Supervisors, the Office of the Superintendent, and in every other office established for the purpose of carrying out RAP.

1.2 Delegation of Authority

Under section 32.20 of the Administrative Code the CAO is responsible for administration of all aspects of RAP except those aspects for which responsibility is specifically retained by the Board of Supervisors or assigned by the Board of Supervisors to another City agency. By letter of January 11, 1974, the Chief Administrative Officer delegated responsibility for administration for RAP to the Superintendent (Appendix C). Under these rules and regulations, some responsibilities are reassigned to the Chief Administrative Officer and some responsibilities are redelegated to other named City officials.

1.3 Budget

The budget for RAP will be prepared by the Superintendent in consultation with representatives of other City agencies which participate in RAP whether on the basis of responsibility assigned by the Administrative Code or on the basis of a DPW work order.

1.4 Definitions

- a) "Abatement Appeals Board" means the Board described in Sections 203.1 through 203.1.G of the San Francisco Building Code.
- b) "Bonds" means any bonds, notes, interim certificates, debentures, or other obligations issued by the City pursuant to Chapter 32 of the Administrative Code.
- c) "City" means the City and County of San Francisco.
- d) "CAC" means a "Citizens' Advisory Committee."
- e) "Code enforcement area" has the same meaning as "residential rehabilitation area."
- f) "Conventional RAP loan" means any residential rehabilitation loan made pursuant to the provisions of this chapter which is not a hardship loan.
- g) "Designated area" has the same meaning as "residential rehabilitation area."
- h) "Director of Planning" means the Director of Planning or his or her designees.
- i) "Financing" means the lending of money or any other thing of value for the purpose of residential rehabilitation and unless otherwise indicated includes refinancing of outstanding indebtedness of a participating party with respect to property which is subject to residential rehabilitation.
- j) "General property improvements" means those items of residential rehabilitation which are not necessary to remedy either existing violations of the City Housing Code or other applicable City Codes relating to the physical conditions of structures, or incipient violations thereof.
- k) "Hardship loan" means a loan of not more than \$3,500 made to a low-income owner-occupant of property requiring residential rehabilitation.
- l) "Incipient Code Violation" is a physical condition which can be expected to deteriorate into a violation of rehabilitation standard within two years.
- m) "Participating party" means any person, company, corporation, partnership, firm or other entity or groups of entities requiring financing for residential rehabilitation pursuant to the provisions of this chapter.
- n) "Program" means the Rehabilitation Assistance Program described in this chapter and includes, but is not limited to, the provisions for code enforcement, rehabilitation financing, and installation of public improvements in residential rehabilitation areas.
- o) "Regulations" refers to these regulations or to amendments to these regulations.
- p) "Rehabilitation Assistance Program" or "RAP" has the same meaning as "program."

q) "Rehabilitation standards" means the standards established in the City Housing Code and other applicable City codes relating to the physical condition of structures.

r) "Residence" means any structure, residential or commercial, which is located in a residential rehabilitation area.

s) "Residential rehabilitation" means the construction, reconstruction, renovation, replacement, extension, repair, betterment, equipping, developing, embellishing or otherwise improving residences consistent with standards of strength, effectiveness, fire resistance, durability and safety, so that such structures are satisfactory and safe to occupy for residential purposes and are not conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of any one or more of the following factors:

- (1) Defective design and character of physical construction.
- (2) Faulty interior arrangement and exterior spacing.
- (3) Inadequate provisions for ventilation, lighting and sanitation.
- (4) Obsolescence, deterioration and dilapidation.

t) "Residential rehabilitation area" means the geographical area designated by the Board of Supervisors as one for inclusion in a comprehensive residential rehabilitation financing program pursuant to the provisions of this chapter. It may also be referred to as the "designated area" or the "Code enforcement area," the latter term being used in section 301A of the Housing Code.

u) "Residential rehabilitation loan fund" means the fund established with the proceeds of bonds issued pursuant to the provisions of this chapter.

v) "Revenues" means all amounts received as repayment of principal, interest, and all other charges received for, and all other income and receipts derived by, the City and County of San Francisco from the financing of residential rehabilitation, include moneys deposited in a sinking, redemption or reserve fund, or other fund, to secure the bonds or to provide for the payment of the principal of, or interest on, the bonds, and such other moneys as the Board of Supervisors may, in its discretion, make available therefore.

1.5 References to public officials and public agencies

a) Unless otherwise indicated, all public officials and public agencies named in these regulations are officials and agencies of the City.

b) All references to the Charter or to ordinances or to the Administrative Code are references to the Charter or to ordinances or the Administrative Code of the City.

CHAPTER 2

AREA DESIGNATION PROCEDURE

2.1 Preliminary Feasibility Study

Before the Director of Planning recommends an area for designation as a residential rehabilitation area under RAP, the Department of City Planning will undertake a preliminary feasibility study to determine if designation would be desirable for the neighborhood and necessary to improve housing conditions in the area. Areas will be chosen for preliminary studies on the basis of citizen interest or apparent need.

2.2 Initial Selection of Area

(a) Public Meetings. When, in the judgment of the Director of Planning, it appears from the preliminary feasibility study that implementation of RAP in the area would be both feasible and desirable, the Director of Planning may hold one or more public meetings in the area.

(b) Notice of Public Meetings. Prior to recommending to the Chief Administrative Officer that any particular area be designated as a residential rehabilitation assistance area, the Director of Planning shall hold at least one public hearing in the area which has been preceded by notice of the time and location of the meeting, the boundaries of the proposed area and a general description of RAP. The notice shall be mailed to property owners within the proposed area at the address shown on the latest assessment roll and by door-to-door distribution to residents of the proposed area at least ten days prior to the public meeting. Representatives of neighborhood organizations shall also be invited to attend any public meeting held pursuant to the requirements of this subparagraph.

(c) Discussion at Public Meeting. At the meeting or meetings noticed pursuant to subparagraph (b), the Director of Planning shall raise for discussion the following issues:

(1) Would rent increases or demolitions resulting from the cost of meeting rehabilitation standards result in widespread displacement of tenants?

(2) Would RAP assist neighborhood-initiated improvement programs?

(3) Would RAP preserve and improve the social, ethnic, and economic integration of the area?

(4) Is there support from residents of the area and from the owners of property in the area for institution of RAP?

2.3 Recommendation of Director of Planning

In deciding whether to designate an area for RAP the Director of Planning shall take into consideration the comments from and the discussions with the public at any public hearing noticed pursuant to section 2.2(b). With each

recommendation to the Chief Administrative Officer to designate a residential rehabilitation area the Director of Planning shall convey his opinion in writing concerning the following factors:

- a) The extent of public support for designation of the area as a residential rehabilitation area;
- b) Whether there is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;
- c) Whether there is a need for financial assistance for residential rehabilitation to arrest the deterioration of the area;
- d) Whether financing of residential rehabilitation in the area is economically feasible;
- e) Whether rent increases or demolitions resulting from the cost of meeting rehabilitation standards would result in widespread displacement of tenants;
- f) Whether institution of RAP in the area would assist in neighborhood-initiated improvement programs; and
- g) Whether institution of RAP would preserve and improve the social, ethnic, and economic integration of the area.

2.4 Recommendation of Chief Administrative Officer

If, after reviewing the recommendation of the Director of Planning, the Chief Administrative Officer is satisfied that the area is appropriate for designation as a residential rehabilitation area, the Chief Administrative Officer shall forward his recommendation to the Board of Supervisors along with the opinion of the Director of Planning concerning designation.

2.5 Designation by the Board of Supervisors

Upon receiving the recommendation of the Chief Administrative Officer and the written opinion of the Director of Planning, the Board of Supervisors shall hold a public hearing to consider the designation of an area for the Rehabilitation Assistance Program. The Board of Supervisors shall by resolution designate the area a residential rehabilitation area only upon finding that:

- a) There is a substantial number of deteriorating structures in the area which do not conform to rehabilitation standards;
- b) Low cost, long-term loans are necessary to arrest deterioration and minimize financial hardship;
- c) Based on currently available data and past experience with residential rehabilitation assistance projects (including experience with Federally Assisted Code Enforcement), financing of residential rehabilitation in the area is economically feasible.

CHAPTER 3

CAC COMPOSITION AND ELECTION PROCEDURE

3.1 Citizens' Advisory Committee - General

There shall be a Citizens' Advisory Committee for each residential rehabilitation area. Each Citizens' Advisory Committee shall consist of not more than eleven persons and shall include property owners, tenants and representatives of organized groups, a substantial portion of the members of which reside or own property in the residential rehabilitation area.

3.2 Property Owner Members

Property owners shall constitute not less than forty percent of the Citizens' Advisory Committee, or a percentage equal to the number of owners of property located in the residential rehabilitation area divided by the total of the number of property owners and the number of rental units in the area, less ten percentage points, whichever is the larger percentage. "Property owner(s)" includes each person having a interest in the fee simple whether as a joint tenant or otherwise. Each person who shares a dwelling unit with an owner of property and who does not pay rent to the owner for living in the dwelling unit shall be deemed to be a property owner for the purposes of this chapter.

3.3 Tenant members

Tenants shall constitute not more than forty percent of the Citizens' Advisory Committee or a percentage equal to the number of rental units in the area divided by the total of the number of owners of property in the area and the number of rental units in the area, less ten percentage points, whichever is the lesser percentage. Tenant representatives shall be residents of the designated area.

3.4 Representatives of Organized Community Groups

Representatives of organized community groups shall constitute not more than twenty percent of the Citizens' Advisory Committee. The representatives shall be residents of the designated area. The status of a representative of a community group as a tenant or as a property owner shall not be considered when determining what percentage of the committee's membership is to be property owners and what percentage is to be tenants. Where there are no organized community groups in the area, the twenty percent allocation shall be equally divided and given to the property owner and tenant constituency on the committee.

3.5 Eligibility as an Organized Community Group

To be eligible to nominate a representative to serve on the Citizens' Advisory Committee as an organized community group representative an organization

must satisfy the following criteria:

- a) Fifty percent or more of the organization's membership must live in or own property located in the residential rehabilitation area; or in the general neighborhood of which the RAP area is a recognized part.
- b) Membership in the organization must be open to all tenants or all owners of property in the residential rehabilitation area or both;
- c) The organization shall have among its areas of primary concern the improvement of housing conditions and community improvements which concern shall be reflected in its by-laws; and
- d) The organization must submit evidence satisfactory to the Superintendent establishing that the organization was in existence prior to designation of the area and that it held at least two general membership meetings within the six months or three general membership meetings within the year preceding designation.

3.6 Composition of CAC

The Director of Planning will determine the number of property owners and tenants on the CAC by applying the latest available census data to the formulae set forth in 3.2 and 3.3.

3.7 Term of Office

The term of office of a member of the CAC shall be two years except that all vacancies occurring during a term shall be filled for the unexpired term.

3.8 Nomination of CAC Members

At any public meeting held pursuant to the requirements of 2.2(b) the Director of Planning shall request nominations for the property owner, tenant and organization representatives constituency on the CAC. Additional nominations will be accepted by the Superintendent. Nominations will be closed thirty days after the date the Resolution designating the area is adopted by the Board of Supervisors, or, if an election is necessary, fourteen days prior to the election.

3.9 Establishment of CAC without election

If the number of nominees for any given constituency on the CAC (i.e., property owners, tenants, organizations, representative) does not exceed the number required as determined by the Director of Planning under Section 3.6, the nominees shall become the members of the CAC along with any persons appointed by the Superintendent to bring the number of members from the particular constituency up to that determined necessary under Section 3.6.

3.10 Election of CAC Members - General

(a) When Election Necessary. If the number of nominees for any of the constituencies on the CAC exceeds the number determined by the Director of Planning under Section 3.6 to be the appropriate number, an election shall be held for the constituency having more nominees than positions.

(b) Submission of Biographical Sketches. When an election is necessary the Superintendent will ask all CAC nominees to submit a brief statement of relevant biographical data for the benefit of the voters. Failure to respond to the Superintendent's request for biographical data within ten days will result in the nominee being dropped from the ballot. The Superintendent may extend the period of time for submission of biographical data when the late response was due to a delay in the mails or a failure to receive the Superintendent's request in time to respond within ten days. Biographical data received too late to be included in the election information distributed to the voters will be posted at the polling place on the day of the election.

3.11 Eligible Voters

(a) Eligible Voters - General. Eligible voters shall include those of the constituency (i.e., property owners, tenants) and each voter may vote once for members of his or her constituency plus the representatives of the neighborhood organizations, if any.

(b) Age. All voters must be at least eighteen years old.

(c) Property Defined. Property is defined as a parcel identified by block and lot, or a condominium unit.

3.12 Public Notice of Election

(a) Time of Notice. Notice of the CAC election shall occur subsequent to designation of the area and not more than four weeks, nor less than two weeks, prior to the date of the election.

(b) Contents of Notice. Notice of the CAC election shall include the time, location and date of the election, description of the function of the CAC, the boundaries of the residential rehabilitation area, the general purposes of RAP and the biographical sketches of each candidate for which a sketch is available.

(c) General Publication Requirements. Notice of the CAC election shall be published at least once no later than seven days prior to the CAC election in the San Francisco Progress, any local neighborhood newspaper of general circulation in the neighborhood, and the official newspaper used for City notices. Notice of the CAC election shall be posted in a centrally located place in the neighborhood at least seven days prior to the election.

(d) Notice to Property Owners. Public notice of the CAC election shall include a mailing to the owners of property in the residential rehabilitation area as listed on the Assessor's latest published roll.

(e) Notice to tenants. Public notice of the CAC election to tenants shall include hand distribution of the notices in the residential rehabilitation area.

(f) Notice to Neighborhood Organization. Neighborhood organizations shall be notified of the CAC election by mail.

3.13 Voter Registration

(a) Monitoring of Voter Registration. Voter registration will be conducted at the voting place by a Monitor, who shall be a person who is either a member of the League of Women Voters or some similar City-wide organization designated by the Superintendent prior to the election. Eligibility to vote will be determined by the Monitor.

(b) Registration of Property Owners. In order to register to vote in a CAC election, a property owner must be listed on the Assessor's latest published roll, or present to the Monitor a copy of a recorded deed to identify ownership of property in the area as well as some means of personal identification, such as a driver's license or a California State Identification card. A person who is deemed to be a property owner under Section 3.2 may register to vote as a property owner by showing the same evidence of residency and personal identification as is required of a tenant.

(c) Registration of Tenants. In order to register to vote in a CAC election, a tenant must be listed on the precinct list of the Registrar of Voters for the last general election or provide a voter's stub showing registration to vote in general elections. A duplicate stub can be obtained from the Registrar of Voters. Some means of personal identification shall be required, in addition, such as a driver's license or California State Identification Card. In the event a tenant is not eligible to register to vote or is not registered with the registrar of voters to vote, he or she may vote provided at least two of the following pieces of evidence of residency in the area are furnished the Monitor:

- (a) A utility bill;
- (b) A department store bill, or
- (c) Telephone bill

addressed to the tenant at an address located in the residential rehabilitation area and dated within the six weeks preceding the election.

3.14 Monitoring Election and Counting Ballots

(a) Counting of ballots. Voting will be done by machine and the Monitors will obtain the count from the voting machine following the election.

(b) The election tally and the registration book will be filed with the Clerk of the Board of Supervisors on the first business day after the election.

(c) Observers. A reasonable number of residents of the area and owners of property located in the area shall be allowed to observe the election and the reading of the tally of ballots. The observers shall not be permitted to assist

or communicate with the voters. The Monitors shall make a determination as to what constitutes a reasonable number of observers. Every effort will be made to have at least one tenant and one property owner observer.

3.15 Announcement of Election Results

(a) Monitors Advise Superintendent. The Monitors shall forward a tally of the election results to the Superintendent immediately following completion of the counting of the ballots.

(b) Superintendent informs Successful Candidates. The Superintendent shall notify the successful candidates of the results of the election within five days of the election unless the election is contested. If the election is contested, the Superintendent shall notify the successful candidates of the results of the election within five days of resolution of the dispute over the validity of the election.

(c) Public Notice of Results. The results of the election shall be published by the Superintendent in the San Francisco Progress, the official newspaper used for City notices, and any local neighborhood newspapers of general circulation in the neighborhood within five days following the date notice of the election results is given to the successful candidates.

3.16 Election Contests

Protests concerning the election of the members of the CAC must be submitted to the Superintendent in writing within three business days following the election. The Superintendent will make every effort to respond to protests within ten days of receipt by taking appropriate action to remedy the cause for the protest, or by advising the protestant that the Superintendent has determined that the protest does not require further action. Publication of the results of the election will be held in abeyance pending transmittal of the Superintendent's response to the protestant.

3.17 Vacancies on the CAC

Vacancies on the CAC shall be filled by the Superintendent from persons nominated by members of the CAC; provided, however, the Superintendent may appoint a temporary replacement for any member who is unable to attend three or more meetings without first seeking nomination from the members of the CAC.

3.18 Miscellaneous CAC Election Rules

(a) Write-in Candidates. Voters will be allowed to write in the names of candidates at the time of the CAC election.

(b) Voting Place. The voting place for CAC elections shall be a neighborhood school auditorium or other place located in the proximity of the residential rehabilitation area.

(c) Campaigning. Campaigning is prohibited within one hundred feet of the voting place on the day of the CAC election.

(d) Time of Election. The CAC election shall take place between the hours of 12:00 p.m. and 8:00 p.m. on a Saturday.

(e) Voter Assistance. Voters may obtain the assistance of the Monitors should they need help in voting due to physical handicap, language difficulty, or similar reason.

(f) Disqualification of Candidate. In the event that a candidate is disqualified by the Superintendent because he or she fails to qualify for the position on the CAC to which elected, or because of some election irregularity, the candidate will be notified in writing of the reason for disqualification and the candidate receiving the next highest number of votes will be deemed elected to represent the constituency where the vacancy occurs.

CHAPTER 4

ADVISORY COMMITTEES

4.1 Advisory Committees

There shall be three committees with citizen representation which shall be advisory to the City officials responsible for implementing RAP. They shall be the:

(a) Citizens' Advisory Committee which shall consist of not more than eleven members nominated or elected by the tenants and owners of property in the residential rehabilitation area according to procedures set forth in Chapter 3 of these Regulations and Section 32.30 of the San Francisco Administration time code.

(b) Area Rent Committee which shall consist of two tenants and two property owners who reside in the residential rehabilitation area and are appointed by the CAC but who are not necessarily members of the CAC.

(c) Loan Committee which shall consist of one resident of each residential rehabilitation area who is appointed by the CAC but who is not necessarily a member of the CAC; one permanent employee of the Real Estate Department assigned to the Loan Committee by the Director of Property; and one person qualified in the field of real estate lending and financing who is appointed by the Chief Administrative Officer.

The CAC shall also appoint an alternate for each member of the Area Rent Committee and the Loan Committee who shall attend meetings in the absence of the member.

4.2 Functions of the CAC

The functions of the CAC are as follows:

(a) Assist the Director of Planning and other relevant City departments in developing a plan for public improvements in the residential rehabilitation area;

(b) Participate with the Chief Administrative Officer in developing or amending the rules and regulations governing implementation of the program;

(c) Assist the Chief Administrative Officer in implementation of the residential rehabilitation program in the residential rehabilitation area;

(d) Appoint a representative from the residential rehabilitation area to the Loan Committee;

(e) Appoint members of the Area Rent Committee;

(f) Develop by-laws for the operation of the Citizens' Advisory Committee, which by-laws shall be subject to the approval of the Chief Administrative Officer;

(g) Assist the Chief Administrative Officer in his or her selection of the liaison staff; and

(h) Act as liaison between the Chief Administrative Officer and the owners of property in and residents of the residential rehabilitation area in solving problems which arise in the course of implementation of the program.

4.3 First Meeting of the CAC

(a) Notice of First Meeting. The first meeting of each CAC shall be announced by the Superintendent with at least seven working days notice to all members of the CAC.

(b) Time of First Meeting. The first meeting of each CAC shall, if possible, take place within 30 days of the certification of the CAC election.

(c) Election of Chairperson and Vice Chairperson. The CAC shall elect from its members a Chairperson and Vice-Chairperson at its first meeting providing that there are at least a majority of the CAC members in attendance.

4.4 Removal of Member of CAC and CAC Committees

In addition to any grounds for removal of a member of the CAC which the CAC may provide for in its by-laws, the Superintendent may remove a member of the CAC or a member or alternate member of any committee of the CAC who was appointed by the CAC if the member fails to act in a manner consistent with these rules and regulations and the provisions of Chapter 32 of the Administrative Code governing operation of RAP or fails to attend three consecutive meetings without adequate justification for his or her absences. The Superintendent may appoint a temporary replacement for any member who is unable to attend three or more consecutive meetings, but who has adequate justification for the absence. (For procedure see section 3.16).

4.5 Notices of CAC Meetings

(a) Notice of Regular Meetings. Regular meetings of the CAC and its committees will be announced by issuance of a press release to the San Francisco Progress, and any local newspapers of general circulation in the neighborhood; by posting of a notice in the RAP office for the Area and at the Central RAP office; and by the mailing of notices to the members of the CAC at least one week prior to the meeting. The notice shall be given by the Superintendent and shall include the time and place of, and the agenda for, the meeting.

(b) Notice of Special Meetings. The Superintendent shall make reasonable efforts to give residents of the area and all members of the CAC or the committee calling a special meeting, notice of the time, place and purpose of the meeting.

(c) Chairperson Informs Superintendent of Meetings. The Chairperson of the CAC shall be responsible for informing the Superintendent of the time and place of, and agenda for, regular meetings of the CAC and its committees at least seven working days before each meeting. The Chairperson of the CAC shall inform the Superintendent of the time, place and purpose of special meetings as soon as the meetings are scheduled, but in any event, not less than 24 hours before the meeting.

4.6 Conduct of CAC Meetings

(a) Public Meetings. All meetings of the CAC and its committees shall be open to the public except that the CAC or its committees may go into executive session to discuss personnel matters.

(b) Location of Meetings. All meetings of the CAC and its committees shall be held in the area's RAP office or some other site convenient to residents of the area.

(c) General Meetings. There shall be a general meeting of each CAC at least once every six months.

(d) Limitations on Special Meetings. Special meetings may be called to deal with emergency situations relating to one particular subject so long as all members of the CAC or the committee seeking to call the meeting concur in the need for the special meeting or the Chairperson of the CAC or the Committee has the approval of the Superintendent.

(e) Robert's Rules of Order. In the absence of By-Laws approved by the Superintendent, Robert's Rules of Order shall govern operation of the CAC.

4.7 Specific Committees of the CAC

(a) Liaison Staff Selection Committee. Upon the request of the Superintendent, the CAC shall establish a Liaison Staff Selection committee to assist the Superintendent in connection with the CAC Liaison Staff in the following areas:

1. Preparation of examination and recruitment announcements.
2. Recruitment of candidates for examination.
3. Interview and rating of candidates.
4. Development and updating, as necessary, of a work program for the liaison staff.
5. Preparation of a report at regular intervals on the performance of the Liaison Staff as a whole, the performance of each individual member of the Liaison Staff; and the continued need for each position on the Liaison Staff.
6. Preparation and justification of a budget for the Liaison Staff.

(b) Public Improvements Committee. Upon the request of the Superintendent, the CAC shall establish a Public Improvement's Committee to work with the Director of Planning in developing a proposed plan for public improvements in the area. The members of this committee need not be members of the CAC.

(c) By-laws Committee. At the first meeting of the CAC and after election of the Chairperson and Vice-Chairperson of the CAC, the CAC shall establish a RAP By-laws Committee to develop the by-laws for the operation of the CAC.

4.8 Functions of the Loan Committee

The functions of the Loan Committee are as follows:

(a) The Loan Committee shall periodically review the rules and procedures and standards for the granting of residential rehabilitation loans and shall recommend changes as needed to the Superintendent.

(b) The Loan Committee shall review and recommend approval or denial of applications required to be considered by the Loan Committee pursuant to these regulations, Chapter 32 of the Administrative Code.

(c) The Loan Committee shall operate in a manner consistent with these by-laws and the recommendations of approval or denial of loan applications shall be in accordance with the requirements contained in, or adopted pursuant to, Chapter 32 of the Administrative Code and these regulations.

4.9 Loan Committee - General Provisions

(a) Loan Committee Quorum. A quorum of the Loan Committee consists of 51% of the members of the Loan Committee if included in the 51% is a permanent employee of the Real Estate Department and an individual qualified in the field of real estate lending and financing appointed to the Committee by the Chief Administrative Officer.

(b) Conflict of Interest. No member of the Loan Committee shall vote or participate in discussions relating to any matter in which the member or a member of his or her immediate family has a financial or other direct interest; except that the member of the Loan Committee appointed by the Chief Administrative Officer shall not be disqualified from voting because he or she is employed by a holder of RAP bonds.

(c) Robert's Rules of Order. Except to the extent they are inconsistent with specific provisions in these regulations, Robert's Rules of Order shall govern operation of the Loan Committee.

(d) Chairperson. The permanent employee of the Real Estate Department assigned to the Loan Committee shall act as the Chairperson of the Loan Committee and shall name a Vice-Chairperson for the Loan Committee.

(e) Removal from Loan Committee. A member of the Loan Committee may be removed by the Director of Property for failure to attend or to arrange for attendance by his or her alternate at three successive Loan Committee meetings or for breach of the confidentiality or conflict of interest restrictions contained in these regulations.

4.10 Conduct of General Meetings of Loan Committee

Meetings of the Loan Committee which are for the purpose of reviewing the rules and regulations and standards for the granting of residential rehabilitation loans shall be open to the public and shall be noticed by issuance of a press release to the San Francisco Progress and any local newspapers of general circulation in the RAP areas; by the posting of a notice in each of the RAP area offices and by mailing a notice to the CAC's and the Loan Committee (including alternate members); and the Central RAP office; at least seven working days prior to the meeting. The notice shall include the time and place of, and agenda for, the meeting.

4.11 Conduct of Loan Application Review Meetings of the Loan Committee

(a) Closed Meetings. Meeting of the Loan Committee which are for the purpose of reviewing loan applications shall be held in the Office of the Department of Real Estate and shall not be open to the public.

(b) Notice. Seven days notice of loan application review meetings shall be given the members of the Loan Committee by the Department of Real Estate either by mail or by telephone. The notice shall include the time and place of the meeting and the number of loans to be considered by area. If a member is unable to attend a loan application review meeting, the member shall immediately notify his or her alternate of the meeting.

(c) Confidentiality. Loan applications will be identified by number rather than name to preserve the confidentiality of the application and the financial details are to be kept confidential by the members of the Loan Committee.

(d) Appearance of Applicant. An applicant for a loan may appear either in person or through a representative before the Loan Committee for the purpose of presenting the reasons favoring the granting of a loan. The Chairperson of the Loan Committee may give the applicant an opportunity to tape record his or her appearance providing the applicant agrees to provide the Superintendent with the tape immediately after the meeting for a period of three working days for the purpose of making a copy or a transcript of the tape.

(e) Loan Committee Recommendations. The Loan Committee's decision to recommend approval or denial of a loan application shall be made with only the members of the Loan Committee present. The Loan Committee's recommendations shall be provided to the applicant and to the Superintendent with a written resume of the reasons for the recommendation. A minority report may also be submitted.

4.12 Functions of the Area Rent Committee

The Area Rent Committee shall hear appeals from the Director of Property decisions establishing base rent and from the Director of Property's decisions on rent increase complaints.

4.13 Area Rent Committee - General Provisions

(a) Quorum. A quorum of the Area Rent Committee shall consist of three members.

(b) Conflict of Interest. No member of the Area Rent Committee shall vote or participate in discussions relating to any matter in which the member or a member of his or her immediate family has a financial interest or to which the member or a member of his or her immediate family is a party.

(c) Removal of Member. A member of the Area Rent Committee may be removed by the Superintendent for failure to attend, or to arrange for attendance by his or her alternate, three consecutive meetings; for breach of the confidentiality or conflict of interest restrictions; or for failure to adhere to these rules and regulations and provisions of Chapter 32 of the Administrative Code in official action as a member of the Area Rent Committee.

4.14 Conduct of Rent Committee Meetings

(a) Closed Meetings. Because of the confidential nature of the information considered by the Area Rent Committee, all meetings of the Area Rent Committee will be closed to the public.

(b) Notice. Seven days notice of Rent Committee meetings shall be given the members of the Rent Committee by the Superintendent either by mail or by telephone. The notice shall include the time and place of the meeting and a tentative agenda.

(c) Robert's Rules of Order. Except to the extent they are inconsistent with specific provisions in these regulations, Robert's Rules of Order shall govern the procedures followed by the Area Rent Committee.

(d) Confidentiality. Members of the Area Rent Committee shall not disclose information received in the course of Area Rent Committee meetings.

(e) Appearance of a Party to Dispute. Any person having a direct interest in a particular rent dispute and his or her designated representative may be present and have an opportunity to be heard while the rent dispute in which they are involved is being considered by the Area Rent Committee. Any party to a dispute may tape record his or her appearance providing that the party agrees to provide the Superintendent with tape immediately after the meeting for a period of three working days for the purpose of making a copy or a transcript of the tape. Any transcript or tape in the possession of the Superintendent shall be made available to the Area Rent Committee and to the parties to the dispute when to do so would not violate the confidential nature of the information.

(f) Location of Meetings. When possible, the meetings of the Area Rent Committee will be held in the Area's RAP site office or some other site convenient to residents of the area.

4.15 Decisions of the Area Rent Committee

The Area Rent Committee shall submit a breakdown of its vote and the basis for the resulting decision to the Superintendent in writing within three working days of the meeting at which the decision on a rent dispute is made. A minority report may also be submitted. The Superintendent's decisions concerning decisions of the Area Rent Sub-committee shall be given in writing to the Area Rent Sub-committee members and alternate members and to the parties in the dispute within seven working days of his receipt of the Area Rent Sub-committee's decision.

4.16 Secretarial Services for Advisory Committees

(a) Secretarial Services for CAC. Subject to staff and fiscal limitations, the Superintendent shall provide reasonably necessary secretarial services for the CAC.

(b) Secretarial Services for all Other Committees. The Area Rent Committee, the Loan Committee and the various committees of the CAC's shall be primarily responsible for keeping and distributing minutes and notices of meetings, however, to the extent possible within staff and budget limitations, the Superintendent will assist these committees with these secretarial functions.

4.17 Minutes of Public Meetings

A copy of the minutes of all public meetings of the Advisory Committees and their sub-committees shall be provided the Superintendent within five working days of the public meeting by the chairperson of the respective committees. The Superintendent shall provide the appropriate RAP site office with a copy of these minutes and shall mail a copy to the members of the committee within ten days of receiving the copy of the minutes from the chairperson.

4.18 Distribution of Notices, Agendas and Minutes

The Superintendent shall send 2 copies of all meeting notices, agendas and minutes to the City Librarian within 3 working days before meetings and 5 calendar days after the meetings as applicable. Any changes to the above documents shall be sent within 5 calendar days of any such correction, addition or amendment.

CHAPTER 5

PUBLIC IMPROVEMENT PLANNING PROCEDURE

5.1 General Provisions

Development of Plan for Public Improvements.

(a) A plan for public improvements in each RAP area shall be developed by the Director of Planning and his staff in consultation with other relevant City agencies and with the participation of the area CAC.

(b) Necessary Public Improvements. The proposed plan for public improvements shall include all items the Director of Planning deems necessary to the successful rehabilitation of the area including needed street improvements such as road and sidewalk construction, resurfacing or realignments of streets or sidewalks, burial of utility wires, tree planting and landscaping, traffic control and channelization, and street lighting.

(c) Services Considered in Developing Plan. In developing the plan for public improvements and determining what public improvements are necessary to the successful rehabilitation of the area, the Director of Planning shall consider existing health, recreation, childcare, education, cultural, and safety facilities and services in the area.

(d) Items Included in the Plan. The plan for public improvements developed by the Director of Planning for each area shall describe the improvements to be made, their location, and an estimate of the cost of the improvements and the source of the funds for the work.

5.2 Development of the Plan

(a) Community Participation. The official community participant in the development of the plan for public improvements shall be the Citizens' Advisory Committee. All residents of the area and owners of property located in the area who wish to participate in development of the plan will, however, be afforded the opportunity to do so.

(b) Public Meetings. The City Planning Department will from time to time hold meetings in the area to discuss the area plan for public improvements. Notices of these meetings will be mailed at least seven days prior to the meetings to the members of the CAC and to other residents of and owners of property located in the area who have indicated to the Director of Planning in writing their desire to be kept informed of the public meetings regarding the plan for public improvements. In addition, notice of the date, time and place of each general public meeting held in the area to discuss the plan for public improvements shall be published in the San Francisco Progress five days or more prior to the meeting.

(c) Other Methods of Community Participation. In addition to the public meetings in the area, the City Planning Department may utilize other

methods of soliciting the views of the residents of and owners of property in the area including questionnaires or block meetings.

(d) Submittal of Plan to CAC. At least 30 days prior to submitting the proposed plan for public improvements to the Board of Supervisors for its consideration, the Director of Planning shall submit the plan to the CAC for its recommendations. The CAC shall submit its recommendations for amendments to the plan for public improvements to the Director of Planning within thirty days from the date of submittal of the plan to the CAC by the Director of Planning.

(e) Action of CAC Recommendations. The Director of Planning will incorporate the recommendations of the CAC which he or she deems necessary to the successful rehabilitation of the area and the Director may give the CAC written reasons for rejecting those recommendations not incorporated into the plan for public improvements.

(f) Submittal of Plan and Recommendations to Board of Supervisors. Along with the proposed plan for public improvements, the Director of Planning shall transmit the recommendations of the CAC and any response made to those recommendations not incorporated into the plan.

5.3 Approval of the Plan

(a) The Board of Supervisors or a committee of the Board of Supervisors shall consider the proposed plan for public improvements at a public hearing.

(b) After such modification of the proposed plan as the Board of Supervisors deems appropriate and prior to the financing of residential rehabilitation in the area the Board of Supervisors shall adopt a plan for public improvements for the area and shall, subject to budgetary and fiscal limitations, commit the City to implementation of the plan.

CHAPTER 6.1

INSPECTION PROCEDURE

6.1.1 General

Property owners will be notified that an inspection is required of all properties within a designated RAP area for the purpose of determining whether or not properties are in conformance with the San Francisco Housing Code. The Housing Code, enacted by the San Francisco Board of Supervisors, sets forth minimum standards of health and safety which must be met by all existing residential buildings. These standards are less restrictive than the requirements of the Building, Plumbing and Electrical Codes which have been established for all new construction.

Following inspection, the Building Inspector will deliver a written (inspection) report to the property owners; a reasonable period of time is given the owner in which to respond and take corrective action. Failure to do so will result in Abatement proceedings, including an administrative hearing before the Director of Public Works, an Abatement Appeals Board (AAB) hearing, if desired by the owner, and finally a hearing in court, if the owner does not react affirmatively on a timely basis after each hearing.

6.1.2 Inspection Request Notice

The Building Inspector will have a letter from the Director of Public Works (M-01), with enclosures: "Facts about RAP" and a map of the area, mailed to the owner, allowing fifteen (15) days for response.

6.1.3 Appointment Letter

If there is no response to the Director's Letter, the Building Inspector will send an Appointment Letter (M-02) setting a definite day and time for the inspection. At this time the Building Inspector also will send a Request for Sidewalk Inspection (I-100) to the Street Inspection Department, Bureau of Engineering.

If the owner fails to keep the inspection appointment and has not notified the site office, the Building Inspector will attempt to contact the owner prior to sending a second letter, namely Appointment for Inspection Letter (M-022). This letter allows ten (10) calendar days for response.

Upon the owner's failure to contact the area site office after sending an Appointment for Inspection Letter (M-022) and passage of the 10 days for response, the Building Inspector will send a third Appointment Letter (M-03) by Certified Mail, signed by Superintendent, Bureau of Building Inspection.

In the foregoing, it be noted that there has been no reference to any refusal to allow entry and inspection.

6.1.4 Refused Entry

If an owner refused to allow the inspection team entry to the premises for the purpose of inspection, the next steps would be as follows:

1. The Senior Building Inspector will attempt to contact the owner.
2. If contact fails or should entry continue to be refused, the Building Inspector will contact the City Attorney's Office to obtain an Inspection Warrant from a judge authorizing entry to the building.
3. If the owner still refuses to allow entry, the Building Inspector will request the City Attorney's Office to obtain/provide a Forceable Entry Warrant.

6.1.5 Initial Inspection

At the time of the initial inspection, the Electrical and Plumbing Inspectors will accompany the Building Inspector. If three (3) or more units, the Fire Inspector will also accompany the Building Inspector.

6.1.6 Building Inspection

The Property Inspection Check List (I-030) is the guide used when making an initial inspection. On it are listed the possible code violations. These are checked by the Building Inspector as: satisfactory, unsatisfactory, or not applicable.

6.1.7 Electrical & Plumbing Inspection. Single or 2-Family Dwellings, I occupancy

Electrical and Plumbing inspection will be required on all buildings over five (5) years old at the time of inspection unless electrical and plumbing deficiencies are noted by the Building Inspector.

Apartment Houses & Hotels, H occupancy

Electrical and Plumbing inspections usually will be required for all but those buildings completed within two (2) years of the Rehabilitation Assistance Program (RAP) initial inspection. Completed means when the CFC issued within 2 years for a new building or legalization under systematic code enforcement.

6.1.8 Fire Inspection

A. Apartment House & Hotel, H Occupancy

H occupancies, which include apartment houses with three (3) or more units and hotels containing six (6) or more guest units, may require an

inspection report from the Bureau of Fire Inspection. Fire Inspectors will be consulted on all fire sprinkler systems, fire alarms, smoke barriers, fire escapes and exit requirements.

B. Single and Two (2) Family Dwellings, I Occupancy

I occupancies, which include one (1) and two (2) family buildings, will not be required to be inspected by Fire Inspectors unless an apparent fire hazard exists.

6.1.9 Department of City Planning

All zoning matters will be referred to the Department of City Planning.

6.1.10 Department of Public Health

The Building Inspector will refer sanitation complaints to the Department of Public Health. Also, he shall obtain reports from Department of Public Health for all buildings containing occupancies, such as, food stores, restaurants, laundrettes, nursing homes, etc., which are licensed by the Department of Public Health. These DPH reports will be incorporated by the Building Inspector into the RAP inspection report to the owner.

6.1.11 Inspection Follow-up

Following an inspection, the Building Inspector will make out the inspection report using the check list as a guide. The Plumbing, Electrical, Fire, Health and Sidewalk Inspectors (if applicable) will submit their inspection reports to the Building Inspector. The combined inspection reports will be reviewed by the Senior Building Inspector.

The Building Inspector will prepare a cover letter: "Correction of Code Violations" (M-041). Attached to this letter will be the following: the inspection reports, copy of "Aids to Property Owners", and Notice of Violation form NOVA pursuant to AB 475.

The Building Inspector will have the reports hand-delivered and explain them to the owner. If, in the opinion of the Property Rehabilitation Manager (PRM), hand delivery is not possible due to absentee owners or owner's unavailability to meet with the inspector, he (PRM) may elect to mail the reports.

The Building Inspector will explain the availability of financing including the RAP loan, relocation services and the cost of the work to be done, and the various methods of compliance including the owner's capability of doing some of the work with private funds or loan funds. If owner is interested in a loan, see Chapter 7, Loan Procedure.

6.1.12 Appeals-Existing Conditions

If an appeal is desired by an owner to permit the continuance of an existing condition, to obtain a delay in starting/completing work, or obtain a modification of the requirements, - See Appendix A, Sec. 6, Abatement Appeals.

If there is no response from the owner within thirty calendar (30) days of delivery of the report regarding the correction of the code violations, a "First Reminder" (M-071) letter is sent. After fifteen (15) calendar days, if there is no response to the First Reminder letter, a "Final Reminder" letter (M-073), signed by the Superintendent of Building Inspection, is sent certified mail. When there is no action within ten (10) calendar days to the final reminder, - See Appendix B, Sec. 6, Abatement Hearing.

6.1.13 Inspection Procedures

After issuance of a Building Permit to do the required work, a time period to complete the work shall be established. The Building Inspector shall inspect the work progress on a "called" and "voluntary" basis to insure code compliance, quality of workmanship, and adherence to the specifications and/or plans. Inspections of the work in progress are made in accordance with Section 304.D and Section 304.E of the San Francisco Building Code or upon receipt of a complaint from any source. See Section 302.D.2, San Francisco Building Code for maximum time allowed for Building Permit.

6.1.14 Extension of Time to Complete Work

A property owner may obtain an extension of time or schedule the work over a period of time to comply with the inspection reports, provided that:

1. In RAP, extensions of time in excess of three (3) months up to one year may be given only by the Superintendent for good cause and only when work is in progress under permits.

2. For extensions of time in excess of one (1) year - See Appendix A, Section 6, AAB Appeals.

6.1.15 Final Completion

Certificate. After the final satisfactory building inspection and upon receiving clearances from the Electrical, Plumbing, Sidewalk and Fire Inspectors (if these are needed), the Building Inspector prepares a "Certificate of Final Completion".

6.1.16 Permit of Occupancy

If the premises consist of an apartment house with three (3) or more dwelling units or a hotel with six (6) or more guest rooms, an "Application for

a Permit of Occupancy" (P-050), signed by the owner, must be obtained. This application and a copy of the Certificate of Final Completion are forwarded to the Division of Apartment & Hotel Inspections with a copy of the Satisfactory Code Compliance letter (see below).

6.1.17 Satisfactory Code Compliance

After final inspection and all clearances have been obtained, the "Satisfactory Code Compliance" letter, signed by the Superintendent of the Bureau of Building Inspection, is sent to the owner. This letter states that at the time of final inspection the premises are in compliance with the applicable codes and ordinances.

CHAPTER 6.2

APPENDIX A APPEALS

6.2.1 Appeals - General

A property owner may file an appeal to the Abatement Appeals Board (AAB) in care of the Secretary of the Abatement Appeals Board, Room 301, 450 McAllister Street, San Francisco, California 94102, Telephone No.: 558-5071. There is no filing fee to appeal to this Board.

An appeal may be made: after receiving an Inspection Report; after a Condemnation Order, an Abatement Order or a Waived Hearing Abatement Order has been issued by the Director of Public Works.

An owner who desires to appeal to the AAB may waive the Abatement Hearing before the Director of Public Works.

6.2.2 Additional or Suspension of Time

Additional or suspension of time may be granted by the Director of Public Works (DPW) or by the AAB regarding the correcting of code deficiencies based on such factors as: conditions of building (e.g., absence of any life hazards which must be corrected), age and income of owner constituting hardship.

1. Extension of time. This means that the work is to be progressively accomplished during the time extension at the rate set by the AAB or the DPW and is to be completed at the end of the period. The property owner must meet the progress schedule set by the DPW or the AAB. Factors considered include work to be done, owner's capability to do work and his resources, etc.

2. Deferment. This signifies that the property owner need not start the work prior to the date of deferment. However, it may further state that, at that time (deferment date), the work must commence and be completed within/ but not later than a specified date. Factors considered include criticalness and extensiveness of the work, owner's problems (resources; to be out of state for a period); etc.

3. Moratorium. This will relate only to those cases in which the work need not be accomplished as long as the appellant property owner continues tenancy and ownership. For example, such a case could be an owner granted a moratorium due to age, lack of financing, violations not considered immediate life hazards, etc.

6.2.3 Abatement Appeals Board (AAB)

When an appeal is filed by an owner to permit the continuance of an existing condition, to obtain a deferment/starting extension of time for completing work, or to obtain a modification of the requirements, an Abatement

Hearing before the AAB shall be scheduled at the earliest possible time and before an extension of time or work schedule is approved by either the Superintendent or the Director, DPW.

6.2.4 Board of Examiners

Appeals for the use of new materials or techniques to satisfy compliance with the Codes are to be filed with the Superintendent, Bureau of Building Inspection, Room 202, 450 McAllister Street, San Francisco, California 94102, for a hearing before the Board of Examiners.

6.2.5 Board of Permit Appeals

Appeals may be filed concerning a permit application denial or the requirements placed on an approved permit application. A fee of \$10.00 is required to file. This is done at the Central Permit Bureau, Room 102, 450 McAllister Street, San Francisco, California 94102.

6.2.6 Condemnation Hearing

Failure on the part of the property owner to correct the violations cited in the Report of Condition will result in referral of the complaint by the Building Inspector to the Director of Public Works for a public condemnation hearing.

If the Director issues a Condemnation Order giving the owner specific time limits to restore or demolish the building, failure of the owner to comply will result in referral to the City Attorney.

6.2.7 City Attorney

A building is referred to the City Attorney for civil action in Superior Court only after the building has been condemned and the owner has exercised the right to appeal and has failed to comply with the order of the Director of Public Works or the order of the Abatement Appeals Board.

6.2.8 AB 475 REVENUE & TAXATION CODE

Sections 17299 and 24436.5 of the Revenue and Taxation Code provide, inter alia, that a taxpayer who derives rental income from housing determined by the local regulatory agency to be substandard by reason of violation of state or local codes dealing with health, safety or building, cannot deduct from state personal income tax and bank and corporate income tax, deductions for interest, depreciation or taxes attributable to such substandard structure where the substandard conditions are not corrected within six (6) months after notice of violation by the Bureau of Building Inspection.

See Administrative Bulletin A-32 (January 20, 1975) for procedure.

CHAPTER 6.3

INSPECTION PROCEDURE - FINANCED WORK

6.3.1 Initial Inspection

At the time of the initial inspection, the Building Inspector shall explain the provisions of the Rehabilitation Assistance Program (RAP) loan as a means of financing the cost of rehabilitation of the premises to comply with the Codes.

After the inspection reports have been given to the owner, the Building Inspector will explain to the owner the various methods of compliance including the owner's capability of doing some of the work with private funds or loan funds.

6.3.2 Loan Application

If the owner is interested in a loan, the inspector will set up an appointment with the owner and the Real Property Loan Officer (RPLO) at the area site office, if possible. The inspector shall give the owner a preliminary loan application and ask that it be completed before the appointment with the RPLO. If there are any problems in completing or understanding the application form, the owner will be advised to call the RPLO who will explain what information and/or data should be brought to the appointment.

6.3.3 Financial Analysis

The RPLO will interview the owner, prepare a preliminary analysis of eligibility for financing and notify the Building Inspector whether or not it appears the applicant can qualify for financing. The Building Inspector will make an appointment with the owner for the purpose of discussing the preparation of a detailed work write-up and its relation to the amount of the loan/grant eligibility of the owner.

6.3.4 Work Write-up

The Work Write-up is the process by which the Building Inspector prepares a set of specifications and/or details, setting forth the work to be done and the materials to be used, together with a cost estimate. When the work to be done is such that architectural and/or engineering work is necessary, the owner may employ an architect and/or engineer to prepare the specifications and/or plans. These funds may be paid for out of the loan proceeds.

6.3.5 Investigative/Engineering Surveys and Property Appraisals

In order to supplement the building inspector's inspection report on the property, investigative work, resulting in a report, may be required to check on foundation, retaining walls, termite infestation and damage, dry-

rot, etc, which may require, for example, cutting holes to expose portions of the structure not visible, etc.

1. Investigative work. An owner may obtain City funds, not to exceed \$100 per building, for this work if he submits a loan application:

- a. If a RAP loan is made, the cost to the City will be repaid from the loan proceeds.

- b. If the loan is not approved, the cost will become a project cost.

2. Property appraisal and Engineering Survey. These will be funded through an advance of funds by the property owners and may be financed by the loan.

6.3.6 Cost Estimate

The estimated cost of the work, as prepared by the Building Inspector, is to be kept CONFIDENTIAL prior to the bid opening, and is for RAP office use only.

During the course of preparing the Work Write-up, the Building Inspector will work in close harmony with the owner and the RPLO so that a complete understanding and agreement of the work required to be done is reached.

Contingency. During the course of inspections and subsequent Work Write-up, if the Building Inspector suspects that certain conditions not visible may constitute a Code violation when uncovered during the course of the work, a "contingent" cost may be added as a "line" item in the Work Write-up not to exceed 5% of the estimated cost of the job.

6.3.7 Completion of Work Write-up

When the work write-up is completed, the case file copy (pink) is initialled by the Building and Senior Building Inspectors and, if applicable, by the Electrical, Plumbing Inspectors, etc. The owner and the building inspector will then go over each item on the specifications and/or plans to be sure that they are accurate and thoroughly understood. The owner will initial each page of this copy signifying concurrence.

If the owner does not concur, the specifications will be rewritten so as to be mutually acceptable to the owner and the inspector and at the same time remain within the allowable loan amount.

In case of continuing disagreement, the loan application is to be cancelled and the case referred to Abatement.

Preparation of the Construction Agreement. The construction agreement must include the following:

1. Payment schedule which must be related to identifiable elements of job including all applicable change orders. Work subject to change orders will

be paid at the time related to the payment schedule.

2. Time allowed for completion of the work.

3. Whether the units are to be occupied or vacant during construction.

6.3.8 Owner Doing Own Work

An owner, capable of doing so, may be granted a RAP loan to do the work towards Code compliance using own labor rather than hiring a general or sub-contractor, hereinafter referred to as the contractor. Under these conditions, the Building Inspector will prepare a Work Write-up for the work to be done, in the same manner as though a (sub-) contractor were to do the work; except that any costs for own labor or that of his (owner's) immediate family are not included. In other words, the owner may apply for a loan for materials and hired labor only. (Purchase of tools not included; however, rental of equipment would be allowable).

The Building Inspector will process payment requests either upon submission by the owner of paid invoices and satisfaction by inspector that the materials paid for have been installed and have become a permanent part of the structure, and the authorized labor performed the work, or submission by the owner of an itemized price list of materials and equipment rentals from a supplier. Any advance payment in the latter case (for materials and rented equipment) is to be made payable to the owner and supplier only for an initial stage as a possible down payment. Additional payments are to be made only after the material is installed. Hired laborers to be paid only after completion of laborers' work.

The owner must provide the RPLO with a written statement attesting to his capability of performing the work himself and describe his previous experience, if any, in doing similar work.

The RPLO, after consultation with the pertinent inspector(s), will recommend approval or disapproval of the loan based upon his evaluation of the owner's statement. His recommendation may be appealed to the Loan Committee.

6.3.9 Owner Acting as Owner-Contractor

An owner may be granted a RAP loan to do the work toward Code compliance acting in the capacity of an Owner-contractor. The owner may do a portion of the work (see preceding Section "Owner Doing Own Work" which applies). However, he may still hire licensed contractors to do the balance of the work.

When the owner hires one or more contractors, the contractor must follow the procedures required of general contractors set forth on page 31, Section 6.3.10

Upon filing a Notice of Completion and giving the owner a Release and Waiver of Lien Rights, a contractor, who has satisfactorily completed that

portion of the work specifically contracted for, may be paid even though the owner or other contractors have not completed their work.

6.3.10 Contractor Requirements

All contractors must be licensed by the contractors' State License Board of California and will be required to:

1. Either post a Performance Bond and a Labor & Material Bond in amounts not less than 100% of the amount of the work; or,
2. If he does not post bond, one lump sum payment will be made for all work performed and will not be paid prior to thirty-five (35) calendar days have elapsed after the Notice of Completion has been recorded.

Contractors will be required to furnish the Area Site Office with Certificates of Insurance for Workmen's Compensation; Property Damage Insurance with coverage of not less than \$50,000; General Liability Insurance with coverage of not less than \$100,000 for each single occurrence for liability for personal injury; and \$300,000 for a multiple occurrence.

6.3.11 Bid Invitations

If the cost of the work to be done is under \$5,000, as estimated by the building inspector, the owner may advertise and/or select the contractors to bid. The owner is encouraged to obtain several bids.

If the estimated cost of the work to be done is \$5,000 or more, the owner may invite contractors to bid and, in addition, the invitations to bid must be advertised in the "Daily Pacific Builder" and posted on the bulletin boards in each area office and in Central Permit Bureau. Addresses of the property are not included in the advertised notice. However, owners doing all their own work are exempt from advertising for bids.

Owners who act as their own contractor must solicit bids from at least three sub-contractors for each trade where the estimated cost of each is \$1,000 or more in order to obtain a reasonable price for each. This bidding need not be advertised where the estimated cost is under \$5,000 for any one trade. See procedure above for jobs \$5,000 or more.

Advertising reduces/precludes chances of collusion between the owner and the contractor and minimizes opportunities for favoring a few contractors who are well known in a particular neighborhood.

6.3.12 Bid Opening Date

The interval between publication of the invitation to bid and the bid opening date shall be at least seven (7) calendar days. A bid package must be obtained by the contractor at least two (2) working days before the bid opening date. A list of the bidding contractors will be sent by Area Office to the Chief Clerk, Property Conservation Division.

6.3.13 Deposit

The Area Office will obtain a deposit (\$5.00 for specifications only, \$10.00 for specifications with plans) from the owner for all bid packages. These monies are refunded by the Area Office only when the complete bid package is returned to the Area Office, whether or not a bid proposal has been submitted.

6.3.14 Inspection During Bidding Process

During the bidding process, the building inspector will accompany the bidding contractors on pre-selected dates to the premises that are to be rehabilitated, so that the contractors may familiarize themselves with the site conditions and clarify any questions they may have regarding the intent of the specifications and/or plans. The owner or his agent must be present at such site inspections.

6.3.15 Bid Package

The bid package given to each bidding contractor will include the following:

1. Cover Letter (M-046) giving the bidding contractor complete details as to the proper procedure for filling out the necessary forms and submission of the bid.
2. Set of Specifications and/or Plans.
3. Construction Agreement (P-080).
4. Schedule of Bid Prices (P-086).
5. Contractor's List of Sub-Contractors (P-123)
6. Bond Required Notice.
7. Equal Employment Opportunity Agreement (P-084).
8. Federal Labor Standards Provisions (HUD-3200) and Amendment (HUD-3200A), if applicable.
9. Return Envelope in which the bid is sealed and which states the bid opening date and time and property address.

The contractor must initial each page of the specifications and/or plans and these must be returned with the bid.

6.3.16 Federal Labor Standards Provisions

If the contract is for a structure that will contain twelve (12) or more dwelling units after rehabilitation, the contractor will, and will require

his sub-contractors to, abide by the Federal Labor Standards provisions as set forth in Form HUD 3200, Federal Labor Standards Provisions as modified by Form HUD-3200A, Addendum to Federal Labor Standards Provisions.

6.3.17 Bid Opening

When the sealed bid envelope is received at the Property Conservation Division Central Office, the date and time of receipt will be stamped on it.

The Chief Clerk of the Property Conservation Division will administer the bid openings at the Central Office on the designated day at 2:30 P.M.

Immediately following the opening of the bids, the responsible/applicable Property Rehabilitation Manager and the Senior Building Inspector will be notified as to the name of each bidder and the amount of each bid.

6.3.18 Rejection of Bid

After consultation with the Property Rehabilitation Manager and the Senior Building Inspector, the Building Inspector, if applicable, shall reject the bids received for any one of the following reasons:

1. Evidence of collusion between an owner and any one of the bidding contractors;
2. Bids are 10% in excess of the building inspector's estimate.

6.3.19 Bid Results

The building inspector will notify the owner of the bid results. The owner may select the low bidder. However, if the owner selects other than the low bidder, the reason for doing so must be stated in writing to the Superintendent of the Bureau of Building Inspection, through the Chief of the Property Conservation Division, for final decision.

When a bid is accepted, the Building Inspector will notify all bidders by mail.

6.3.20 Bid Acceptance

The building inspector, the owner and the contractor will meet and review the entire job (specifications and/or plans, etc.). The contractor will initial and date the case file copy (pink) of the specifications and/or plans signifying knowledge of the work contained therein. (This copy was previously initialled by the owner and the applicable inspectors).

If the owner is acting as own contractor, the building inspector will prepare an "Owner Acting as Contractor Construction Agreement" for signature of the owner.

In the event the owner acts as owner contractor, each of his sub-contractors must submit a signed Construction Agreement and Schedule of Bid

Prices and provide bonds and insurance as applicable; see page 31 of this Chapter.

6.3.21 Submission of Bid Package to Real Property Loan Officer

After owner's acceptance of the bid, the Building Inspector will provide the Real Property Loan Officer with a complete bid package (bid proposal, copies of the inspection reports, copies of the specifications and/or plans and construction agreement) for the processing of the loan.

6.3.22 Supplementing Loan Funds

If the cost of the work necessary for Code compliance is more than the amount of the loan funds available, the owner will be required to deposit the difference in cost in the Escrow Account before the Proceed Order can be issued.

6.3.23 Loan Approval

When the loan has been approved, the RPLO will notify the building inspector that the funds have been reserved on behalf of the owner.

Contract. The RPLO will obtain the signature of the owner and the contractor on the construction agreement (contract). (These signatures must be acknowledged by a Notary Public).

Bonds. Copies of the Labor & Material Bond and Performance Bond are given to the contractor by the site office for execution and return to the RPLO.

6.3.24 Insurance.

The contractor is instructed to furnish the Area Site Office with the Certificates of Insurance for Workmen's Compensation, Property Damage and General Liability in the required amounts of coverage. These must be on file with the RPLO before a Proceed Order can be issued.

6.3.25 Proceed Order

When the loan funds have been deposited in the owner's escrow account, the Proceed Order is prepared for the owner's signature. The Proceed Order sets the time for commencement and completion of the work.

6.3.26 Issuance of Proceed Order

When the Proceed Order is issued, copies of the complete contract packages are distributed as follows:

Owner: Proceed Order (P-070), Construction Agreement (P-080), Performance Bond (P-082), Labor & Material Bond (P-083), set of Specifications and/or plans or details.

Contractor: Proceed Order (P-070), Construction Agreement (P-080), Performance Bond (P-082), Labor & Material Bond (P-083), the initialled set of specifications and/or plans and details returned with the bid proposal, and the Federal Labor Standards Provisions with Amendment, if applicable.

6.3.27 Permits Required

After receiving the Proceed Order, the contractor must obtain the required permits before commencing the work.

The building inspector will make periodic and "called" inspections at the site during the rehabilitation process as per Sections 304.D and 304.E, S. F. B. C.

6.3.28 Progress Payments

When it is determined that the required percentage(s) of completion of the work has been reached according to the Schedule of Payments (P-087), the contractor will submit an invoice to the owner, in care of the Area Site Office. Upon receipt of this invoice, the building inspector will inspect the job site to determine if the progress is satisfactory and in accordance with the payment schedule.

The request for a progress payment is then submitted to the Real Property Loan Officer together with the contractor's invoice.

The progress payment check will be drawn in the names of both the owner and the contractor.

Upon receipt of the check, the Building Inspector will personally contact the owner for endorsement of same. After the owner's endorsement, the building inspector will notify the Contractor to pick up the check at the Area Site Office. If not endorsed, see Sec. 6.3.30, Arbitration.

6.3.29 Change Orders

A Specification Change Order (P-142) must be prepared for any changes to be made in the specifications and/or plans or details, including any additional unforeseen work. This change order will specify all changes, additional costs or credits involved, if any. After approval by the applicable inspectors, the Senior Building Inspector and RPLO, the Building Inspector will have it signed by the owner and contractor denoting their concurrence.

The contractor must not do any specification change work until the Change Order has been properly executed.

The Contractor will receive payment for all change orders in accordance with the payment schedule for the particular part of the work to be performed including the work subject to any change order(s).

6.3.30 Workmanship

If the workmanship is unacceptable to the City and/or the owner, a complaint may be filed with the State Contractors' License Board requesting their judgement as to the validity of the owner's and/or City's complaint.

If the work is not Code deficient, is unacceptable to the City, but is acceptable to the owner, the owner will sign a statement accepting the workmanship "as is".

Arbitration

Disputes shall be settled through arbitration of the Superintendent BBI, and his decision shall be considered final, only after conferences have been held with all parties of interest: first, with the Senior Building Inspector; then the Property Rehabilitation Manager; and, finally, the Administrator of Property Conservation.

6.3.31 Final Inspection and Notices/Certifications of Completion

1. Inspection. At the completion of the work, the Building Inspector shall meet with the owner, the Senior Building Inspector and, as necessary, the contractor, at the job site and inspect all work shown on the specifications and/or plans or details to insure that all work has been completed in accordance with same and to the owner's satisfaction. Prior to this meeting, Notices of Satisfactory Completion must have been received from the various inspectors involved; e.g., Electrical, Plumbing, Sidewalk, etc.

6.3.32 2. Notice/Certification of Completion. At this time of Final Inspection, the owner will sign a Notice of Completion and the Certification of Completion (P-121) (owner's acceptance of work). The Notice of Completion, when signed, is recorded at the Recorder's Office, City & County of San Francisco. The recordation date of the Notice of Completion establishes the exact time of completion and starts the 30 day lien period.

6.3.33 Final Payment

If no liens have been filed at the end of thirty (30) days after the recording date of the Notice of Completion and upon receipt of a Release and Waiver of Lien Rights (P-122) from the contractor, a final payment check will be drawn in the names of both the owner and the contractor.

6.3.34 Escrow Statement

When the final payment check is endorsed, the owner will also sign six (6) copies of the Escrow Statement which shows the disbursement of the loan

funds. (One copy is for the owner's records).

6.3.35 Permit of Occupancy

If the rehabilitated building has three (3) or more living units (H occupancy), the owner must also sign an Application for a Permit of Occupancy (P-050), which is forwarded to the Division of Apartment & Hotel Inspections (DAHI) of the Bureau of Building Inspection (BBI).

6.3.36 Satisfactory Code Compliance (SCC)

After final inspection, all clearances having been obtained and the Escrow Account having been closed, a Satisfactory Code Compliance letter (M-132), signed by the Superintendent of the Bureau of Building Inspection, is sent to the owner. This letter states that, at the present time of inspection, the premises are in compliance with the applicable City codes and ordinances.

CHAPTER 7

LOAN PROCEDURE

7.0 Purpose

The purpose of this Chapter is to establish the rules, regulations and procedures necessary to carry out the loan program as provided for in Ordinance 23-74.

Definitions

Unless the context otherwise requires, the following definitions shall govern the construction of this Chapter.

1. "Board" shall mean The Board of Supervisors.
2. "C.A.C" shall refer to the Citizens' Advisory Committee.
3. "C.A.O." shall refer to the Chief Administrative Officer.
4. "City" shall refer to the City and County of San Francisco.
5. "Director" shall refer to the Director of Property, who is the head of the Real Estate Department.
6. "Ordinance" shall mean Ordinance 23-74 which provides for the establishment of the Rehabilitation Assistance Program.
7. "Owner" shall mean the Owner(s) of the property(s) for which a RAP loan has been requested.
8. "R.A.P." shall mean Rehabilitation Assistance Program.
9. "RPLO" shall refer to Real Property Loan Officer who is a member of the Real Estate Department Staff.
10. "Superintendent" shall refer to the Superintendent of Building Inspection who is the head of the Bureau of Building Inspection of the Department of Public Works.

7.1 Special Conditions Under Which Loans are Made

1. As a prerequisite to having his/her loan application considered by the Director or the Loan Committee, the applicant shall agree to:

A) All of the terms and conditions under which RAP loans are made as required by the Ordinance, and

B) The rules and regulations established by the Director pursuant to said Ordinance.

2. Special Terms and Conditions as set forth in said Ordinance include:

A) Every RAP loan shall be evidenced by a note and secured by a Deed of Trust naming the City as Beneficiary of the Trust (Sec. 32.63)

B) The owner is responsible for paying the reasonable costs of moving expenses only for each household displaced (Sec. 32.69).

C) The RAP loan agreement shall provide that so long as the loan or any portion of it is outstanding, the property shall be open, upon sale or rental of all or any portion thereof, to all persons regardless of race, color, religion, national origin, ancestry or whether or not they have children. (Sec. 32.70).

D) All contracts and subcontracts financed by RAP loans shall provide for equal employment opportunity (Sec. 32.71).

E) Rent increase limitation shall apply (Sec. 32.73).

F) RAP loans can only be made on Real Property located within the designated residential rehabilitation area (Sec. 32.12).

7.2 Eligibility Requirements

1. Purpose. Financing residential rehabilitation either by conventional RAP loans or Hardship Loans shall be done only for the purpose of encouraging residential rehabilitation within a designated rehabilitation area.

2. Requirements for Eligibility.

A) Conventional RAP Loans:

1. Applicant must demonstrate an adequate capacity to repay the loan;
2. Have an acceptable credit rating;
3. Hold equitable title in the property to be rehabilitated;
4. Agree to all of the terms and conditions under which the loan is to be made;
5. Submit all information requested by the RPLO considered necessary for obtaining loan approval;
6. No elective officer of the state or any of its subdivisions shall be eligible to receive a loan under the provisions of R.A.P.

B) Conventional RAP Refinance Loan:

1. Applicant must meet all of the requirements in Section 2A above;
2. Meet all eligibility requirements for refinancing;
3. Have acquired title prior to designation of the residential rehabilitation area by the Board or
4. Obtained approval of a loan which includes refinancing from the Director prior to purchasing the property.

C) Hardship Loan:

1. Refer to section titled Hardship Loans.

D) Combined Conventional RAP Loan with a Hardship Loan:

1. Applicant must meet eligibility requirements for both loans.

E) Combined Conventional Refinance RAP Loan with a Hardship Loan:

1. Applicant must meet eligibility requirements for both loans.

7.3 Conventional RAP Loan Requirements

1. Maximum indebtedness on property to be rehabilitated, including the amount of the loan for rehabilitation shall not exceed eighty per cent of the after-rehabilitation value of the property to be rehabilitated as determined by appraisal.

2. The Director with the Loan Committee's recommendation may; however, authorize loans of up to ninety-five per cent of the after-rehabilitation appraised value of the property if:

A) Such loans are made for the purpose of rehabilitating the property for residential purposes;

B) There is a demonstrated need for such higher limit; and

C) There is a higher probability that the value of the property will not be impaired during the term of the loan.

3. The maximum loan for rehabilitation shall be as follows: Single family Dwelling, \$17,500; Two-Three units, \$10,000 per unit; Four or more Units, \$7,500 per unit; Commercial, \$5,000 per unit.

A) For the purpose of computing the maximum amount of a loan, a guest room, as defined in Section 203.7 of the Housing Code, shall be considered as one-tenth of a dwelling unit, and a guest room with cooking facilities as one-fifth of a dwelling unit.

B) The Director may approve a loan in excess of these amounts, if he finds:

1. Hardship would otherwise exist for the owner(s);
2. Increased rent would result in hardship for the tenant(s);
3. Limitation on the amount per unit would unreasonably limit the owner's capacity to meet rehabilitation standards.

C) The Director may in no case approve a loan that exceeds \$17,500 per unit.

4. No more than twenty per cent of any loan for residential rehabilitation shall be used for general property improvements, except that in the case of owner-occupied, one-to-four dwelling unit properties, up to forty per cent of the loan may be used for general property improvements.

7.4 Limitations and Guidelines for Refinance Loans

1. Pursuant to the Ordinance, a rehabilitation loan may include an amount to refinance existing indebtedness if:

A) The residence consists of dwelling units only, and

B) The cost of meeting rehabilitation standards and correcting incipient violations thereof for the residence equals at least twenty-five percent of the principal amount of the loan, and

C) The sum of the monthly principal and interest payments on the loan for rehabilitation and the monthly payments of existing debt secured by the property, plus property taxes and insurance would result in total monthly payments that would exceed twenty per cent of the applicant's total monthly income. The total monthly income shall be the sum of the following:

1. Wages, Salaries, Commission, Annuities, Business profits, Retirement, Disability Benefits, Interest, Dividends, Social Security and Actual Gross Rental Income, less Actual or Reasonable Expenses which shall not include debt service or depreciation.

D) All existing loans with Balloon payments shall have their monthly payments re-computed by taking the original amount of the loan and amortizing it for a period of 20 years at the current interest rate in the note. The RPLO will use the re-computed monthly payment when figuring the total monthly expense to qualify for the refinance loan.

E) The applicant must be an owner-occupant of a one to four unit dwelling or;

F) The Director finds that without refinancing extreme hardship would result to:

1. The owner, or
2. The tenants because of required raises in rents.

G) The total loan does exceed the established maximum amount or maximum indebtedness limitations of a conventional RAP loan.

H) The conventional RAP refinance loan may include the amount of any pre-payment penalties of existing loans. An attempt should be made by the RPLO to negotiate partial or full waiver of any pre-payment penalties with the existing lenders, and/or obtain a discount on total amount of payoff.

I) A refinance loan can be made if the Loan Committee recommends approval of refinancing and the recommendation is accepted by the Director.

1. If the Director does not accept the recommendation of the loan committee regarding refinancing, he/she shall give written reasons for the refusal to accept such recommendation.

J) A RAP loan that includes refinancing existing debt is not intended for the purpose of aiding in the purchase of a property.

The Director shall be satisfied that an applicant did not purchase or refinance the property with the intent of using a RAP loan to refinance purchase money debt and consequently improve the applicant's position in acquiring the property.

7.5 Hardship Loan Program

7.5.1 Purpose. The purpose of a Hardship Loan Program is to provide a revolving fund from which financial assistance in the form of interest-free loans with deferred payments of principal to low-income can be made to owner occupants of property subject to residential rehabilitation who would not otherwise be able to pay the costs of meeting rehabilitation standards.

7.5.2 Administration. The Real Estate Department, in cooperation with the Bureau of Building Inspection, Department of Public Works, is responsible for administering the Hardship Loan Program as a support program to the Rehabilitation Assistance Program. (San Francisco Administrative Code, Chapter 32)

7.5.3 Source of Funds. Funds for the Hardship Loan Program shall be provided through the Community Development Block Grant.

7.5.4 Limitation on the Use of Funds. Hardship loan funds may be used only for meeting rehabilitation standards, and incipient violations thereof, pursuant to the requirements and standards of the Rehabilitation Assistance Program. At such time as funds are no longer necessary for the Hardship Loan Program, monies returned to the revolving fund may be used only to assist other aspects of the Rehabilitation Assistance Program.

7.5.5 Maximum Amount of Loan. A hardship loan of up to \$3,500 can be made to a low-income applicant who is the owner-occupant of a one to four dwelling unit building.

7.5.6 Eligibility.

a. To be eligible for a hardship loan, the applicant must demonstrate to the satisfaction of the Director of Property, as head of the Real Estate Department, that with a conventional RAP loan the applicant's housing costs would exceed twenty-five percent of gross income, and that the applicant does not have other assets to meet the cost of residential rehabilitation without jeopardizing the applicant's ability to be self-supporting in the future.

b. A conventional rehabilitation assistance loan may be used to supplement a hardship loan provided the owner otherwise qualifies for a conventional RAP loan.

c. Where the applicant's housing costs do not exceed twenty-five percent of gross income unless the cost of a conventional RAP loan is added to his or her housing cost, the amount of the hardship loan shall be adjusted and a conventional RAP loan also made so that the applicant's housing expense

shall approximate twenty-five percent of his or her gross income after the loans are made.

1. Housing expense consists of:
 - A. Mortgage principal and interest;
 - B. Hazard insurance;
 - C. Real Property taxes;
 - D. Maintenance and repairs;
 - E. Heat and utilities.

d. Where the property consists of two to four units, the housing expenses shall be that portion of C1 above, items a through e applicable to the unit actually occupied by applicant.

e. Where the applicant requests a conventional RAP loan and refinancing existing loans in addition to a hardship loan, the housing costs shall be adjusted by the advantageous payments due to refinancing existing loans.

f. Hardship loans shall be limited to those applicants who hold equitable title to the property on the date that the residential rehabilitation area is designated by the Board.

7.5.7 Term of Loan. A hardship loan shall be due and payable upon sale or transfer of the property.

7.5.8 Transferability of Loan. A hardship loan shall be due and payable at the time of transfer of the property except:

a. Upon transfer of property subject to a hardship loan, or an interest therein, to a spouse or heir who is otherwise eligible for a hardship loan, if the spouse or heir so chooses, the hardship loan shall be transferred to the spouse or heir.

b. If the owner subject to a hardship loan dies, and the hardship loan is not repaid or transferred to another person within one year of the owner's death, the loan shall, as of one year from the date of the owner's death, bear interest at the then current legal interest rate.

7.5.9 Security for Loan. Unless provided otherwise in any bond resolution issued pursuant to the provisions of Chapter 32 of the San Francisco Administrative Code, hardship loans shall be secured by a deed of trust naming the City as beneficiary of the trust.

7.6 Application for Loans

1. Inspection, Work Write-ups and Preliminary Applications.

A) Following submission of the inspection report to the owner and, at his or her request, the building inspector and RPLO team shall interview the owner to discuss with him/her:

1. Work necessary to meet rehabilitation standards and correct incipient violations, and

2. Availability of funds through RAP financing.

B) If the owner decides to seek RAP financing:

1. The building inspector shall prepare a work write-up (which shall be in sufficient detail that it can be used as specifications for a construction contract) of (a) the work required to meet rehabilitation standards, (b) the work required to correct incipient violations, (c) the work desired by the property owner for general property improvements, (d) a cost estimate of a, b and c above.

2. The RPLO shall assist the owner in submitting a preliminary application for financing. Such application shall: (a) be on a form prescribed by the Director, (b) contain sufficient detail to enable determination of the owner's eligibility for financial assistance, (c) be certified by the owner under penalty of perjury.

2. Formal Application for RAP Financing

A) Upon the filing of a preliminary application by an owner, the RPLO shall:

1. Determine by means of an eligibility analysis of the preliminary application whether financing should be by:

- a) Rehabilitation loan.
 - b) Rehabilitation loan with refinancing
 - c) Hardship loan
 - d) Combination Rehabilitation loan and Hardship loan
 - e) Combination Rehabilitation loan with refinancing and hardship loan
2. Advise the owner whether or not he is eligible for RAP financing.

B) Upon advice to a owner regarding his possible eligibility for RAP financing, the RPLO shall assist the owner in preparing a formal application for RAP financing.

1. The application shall be upon a form prescribed by the Director.

2. The application shall be accompanied by:

- a) Verification of all pertinent information.
- b) A preliminary title report issued by a title insurance company acceptable to the Director.
- c) An appraisal of the fair market value of the property after the rehabilitation work has been completed.
- d) A worksheet indicating eligibility of applicant and applicable loan limits.
- e) A statement of the base rent for each dwelling unit not occupied by owner applicant which statement shall have been approved by applicant.
- f) A copy of contract, subcontracts or material estimates for which funds are being requested.
- g) A certification by owner under penalty of perjury and subject to revocation of loan.
- h) A credit report issued by local credit bureau.
- i) Estimates of cost of all work to be done prepared by non-city estimator chosen from a panel approved by the Director.
- j) Any other documentive information considered necessary by the RPLO.

3. Confidentiality of Loan Application Files:

A) Any and all information and documentation submitted by the Loan

Applicant(s) or ordered in the Loan Applicant's behalf and retained in the Loan Application File shall be kept confidential by the Real Estate Department and shall not be for public record.

B) Any and all information and documentation retained within the Loan Application File shall be the property of Real Estate Department.

C) Release of any information and/or copies of documentation from the Loan Application File shall only be permitted by specific written instructions by the Loan Applicant(s) and by the permission of the Director.

7.7 Credit Analysis of Application for R.A.P. Loans

When it is necessary to use a reference for evaluating credit acceptability of loan application, the Department of Housing and Urban Development's "Guide to Credit Analysis of Applications for Section 312 Loans" shall be used.

The purpose of this guide is to offer advice and recommend practices for analysis of all credit applications.

The guide shall be used for reference by all parties concerned with the Rehabilitation Assistance Program and will become a part of this manual.

7.8 Time Period for Application

1. In order to be eligible for a RAP loan, the owner must:

A) Submit a preliminary application within 180 days following submission to him/her of the building inspection report.

1. Only one extension of 60 days may be granted by the Director.

B) Submit all supplemental information requested by the RPLO within 30 days of the request in order to complete the loan application.

1. When an owner is uncooperative in fulfilling these requirements, the RPLO shall so inform the Senior Building Inspector assigned to the area where the subject property is located, so that Abatement Proceedings may be initiated.

7.9 Numbering of Applications

1. All applications for RAP rehabilitation financing shall be divided into four parts, each part separated by a slash bar (/).

1. The first part shall consist of a letter designating the residential rehabilitation area in which the property is situated.

2. The second part shall consist of a consecutive number from a single sequence of numbers used for the entire program, and assigned by the Real Estate Department Central Office upon receipt of the loan application from the RPLO.

3. The third part shall consist of a code designating the type of financing requested in the application as follows:

- (a) "C" shall be used to designate conventional RAP loan.
 - (b) "CR" shall be used to designate conventional RAP loan with refinancing.
 - (c) "H" shall be used to designate hardship loan.
 - (d) "CH" shall be used to designate combination conventional RAP loan and hardship loan.
 - (e) "CHR" shall be used to designate combination conventional RAP loan with refinancing and hardship loan.
4. The fourth part shall consist of a code designating acceptance or rejection of the loan application.

7.10 Appraisals

1. An appraisal is required for every property to be rehabilitated with RAP financing.

Pursuant to Section 32.50 of the Ordinance, the purpose of the appraisal shall be to estimate the anticipated after-rehabilitation value of the property and its remaining economic life.

A) An Adequate summary of the work write-up shall be provided the appraiser.

B) The appraisal fee shall be approved by the Board, upon the recommendation of the Director, by resolution and shall be paid to the City or its designee, prior to assignment of the appraisal to the appraiser.

C) The appraisal shall be either by:

- 1. FHA and reviewed and approved by FHA supervising staff; or
- 2. Staff of Real Estate Department and reviewed and approved by the Director, or
- 3. Independent contract appraiser from a panel selected by the Director and approved by the CAO, and reviewed and approved by the Director.

D) In the event applicant believes appraisal is too low, applicant may submit an independent appraisal, conforming to the standards of the American Institute of Real Estate Appraisers, to the Director who shall consider it and other data in making his determination whether to approve or disapprove the loan. The fee for an independent appraisal may not be included in the RAP loan.

7.11 Estimator's Functions

1. Prior to the granting of any loan, a qualified estimator will make an on-site inspection of the applicant's property and certifying in writing that the estimated cost of the recommended work as detailed in the job specifications is not more than ten per cent above fair market value. No loan will be granted in an amount exceeding ten per cent of fair market value for the work specified, or higher than the lowest bid received whichever is less, without the approval of the Director. Further, prior to the payment of the

last installment due under the contract, the estimator will make an on-site inspection and sign a certificate of completion certifying that the work, as outlined in the job specifications, has been completed.

2. A qualified estimator is a person:

A) Who is not a City Employee; but

B) Who is selected by the Director because he or she is qualified and experienced in the area of residential rehabilitation.

The Estimator shall operate under the direction of the Director.

3. The Director shall select from a panel of Non-City employees, Estimators who are qualified and experienced in residential rehabilitation. Members of this panel shall waive all right to doing any work as a Contractor, Designer, Architect, Engineer, Sub-Contractor or in any other capacity be involved in the program for a period of at least one year after completion of his (last assignment) in the area in which he served in the capacity of Estimator.

4. The Director shall, semi-annually, submit a report to the Board setting forth a list of the loans which were in excess of ten per cent of the estimated fair market value pursuant to the provisions of paragraph 1, giving the reasons for approval on each case.

5. The Estimators fees shall be paid to the City by the owner prior to assignment of an inspector to an estimator.

7.12 Costs Includable in RAP Loans

1. Costs includable in Hardship Loans.

A) Costs of correcting actual and incipient code violations, but not to include general property improvement.

B) Building permits, inspection fees and moving expenses.

C) Title Insurance and escrow service charges.

D) Appraisal, Estimator, Architectural and Engineering services.

E) Recording and Notary fees.

2. Costs includable in Conventional RAP loans and Refinance Loans.

A) Costs of correcting actual and incipient code violations.

B) Costs of general property improvements not to exceed twenty percent of the total costs of Code compliance work including correction of incipient code violations, except that in the case of an owner occupied, one to four unit dwelling, up to forty percent may be used for general property improvements.

C) Refinancing all or part of existing indebtedness in which case the cost of meeting rehabilitation standards and incipient violations must equal at least twenty-five percent of the total refinanced loan.

D) Cost of conversion of building to eliminate nonconforming use or to make building economically more feasible.

E) Permit and inspection fees.

F) Title Insurance and Escrow service charges.

G) Appraisal Fees.

H) Architectural and/or Engineering services.

I) Recordation and notary fees.

J) Estimator's fees.

K) Moving expenses.

L) Costs of pre-payment penalties of existing loans being refinanced.

M) Current accrual for establishment of an impound account.

7.13 Fees and Charges

1. Approval of Fees and Charges:

A) The Board shall, upon the recommendation of the Director, approve by resolution prior to levy, all fees and charges to be charged participating parties in connection with financing residential rehabilitation.

2. Prepaid Fees and Charges:

A) The loan applicant shall be required to pay in advance for the following services:

1. Appraisal Fee

a) No appraisal fee shall be charged for a Hardship only loan.

2. Credit Report Fee

3. Preliminary Title Report Fee

4. Estimator's Fee

B) Fees and charges that are made in advance may be included in the loan amount and reimbursed from the loan proceeds.

C) Fees and charges may be refunded if the service for which fee or charge is required has not yet been performed.

3. Fees and Charges paid through Escrow:

A) Fees and charges that are paid through Escrow may be included in the amount of the loan providing the loan amount does not exceed the

limits as set forth in this Chapter.

B) Fees and Charges that are paid through Escrow include the following:

1. Escrow fees are the fees paid to the Escrow holder for preparing and handling all documentation and disbursement of funds.
2. Title Insurance Policy charges shall be set according to the current rate schedule approved by the Insurance Commissioner of the State of California.
3. Document Recording fees are the fees set by the City & County of San Francisco for recording those documents which are to be recorded for public record.
4. Notary fees are the fees for acknowledging the signature on those documents which shall be recorded in the County of San Francisco Records Office. The Notary fee is set by the Secretary of State of the State of California.
5. Realty Tax and Service Fee is a one time fee for lender Notification annually of any Real Estate Tax or Bond assessment delinquencies. This service shall be required for all RAP loans where no impound account for taxes has been established or required.

7.14 Interest Rates and Variable Interest Rates

Interest rates and other Loan Charges:

1. The interest rate and any other charges for a conventional RAP loan shall be approved by resolution by the Board upon the recommendation of the Director. The established interest rates and charges may include:

A) The interest charged the City on funds borrowed to carry out the provisions of this chapter;

B) An amount needed to provide for possible defaults on outstanding loans;

C) An amount to cover the cost of servicing loan accounts;

D) An amount to cover the cost of making hardship loans, and

E) An amount to cover the cost of issuing bonds.

Variable Interest Rate:

In connection with Conventional RAP loan, the loan agreement may provide for a variable interest rate. If the loan agreement does provide for a variable interest rate, the terms of the loan agreements and any change in the interest rate or other charge shall conform to the requirements of Section 37917 of Health and Safety Code of the State of California relating to the use of variable interest rate in connection with financing residential rehabilitation. This is related to the rate charged the City on the bonds which may change upward or downward at the end of 10 years.

7.15 Pre-Payment Penalties and Late Payment Charges

1. Prepayment Penalties:

A) There shall be no penalty assessed for pre-payment of any R.A.P. loan.

2. Late Payment Charges:

A) If the interest on, and principal of, the note are not paid on or before the 15th day of the calendar month after payment is due, the borrower(s) shall pay to the City a late charge of 10 per cent per calendar month, or fraction thereof, on the payments past due and remaining unpaid.

7.16 Transferability of RAP Loans

Transfer of loans:

1. The unpaid amount of a conventional RAP loan shall be due and payable upon sale or transfer of the ownership of the property, except that assignment of the unpaid amount of such a loan to a purchaser or transferee may be permitted when the Director determines that hardship conditions exist and the prospective owner qualifies for a loan on the basis of current loan eligibility standards.

2. If the holder of a conventional RAP loan is dissatisfied with the Director's refusal to permit transfer of the unpaid amount of the loan because of a finding that hardship conditions do not exist, the holder of the loan may request review of the Director's determination by the Loan Committee. If the Loan Committee recommends a finding that hardship conditions exist, the Director shall either accept that recommendation or give written reasons for the refusal to accept it.

3. Hardship conditions exist:

A) When the owner of property subject to a conventional RAP loan is forced to sell the property and the property cannot be sold without a substantial loss of equity unless the loan is transferable.

B) When the income of a prospective purchaser of property subject to a conventional RAP loan is at or below income standards to be established by the Director or, tentatively, 80 percent of local median income as defined annually by United States Department of Housing & Urban Development.

C) When the prospective purchaser is unable to obtain financing in the private sector because of age, disability or sex; or

D) When transfer of the loan is necessary to prevent significant rent increases.

7.17 Impound Accounts for Taxes and Insurance and Maintenance

An impound account for taxes and insurance shall be set up and maintained by the Loan Servicer on all loans unless an impound account is currently maintained by a senior lender.

The Director may waive the required impound account providing the total loan indebtedness, including the RAP loan does not exceed 80% of the after Rehabilitation value.

If the Director deems it desirable and necessary that an impound account be required which would include a reserve for maintenance, he may include such a requirement in any conventional RAP loan agreement to help preserve the security for the loan. It shall be the policy of the City that interest shall be credited to borrowers for any impound accounts required.

7.18 Insurance Requirements

1. Types of Insurance.

A) All conventional RAP loan agreements shall provide that so long as the loan or any portion of it is outstanding, the owner of the property subject to the loan shall carry adequate property insurance.

B) Minimum protection required by City: Fire, Lightning, Extended Coverage Endorsement Perils (Windstorm and hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke); Vandalism and Malicious Mischief.

C) Maximum Protection for Owner and City: (optional)

"All Rise" insurance, including coverages under Federal Catastrophe Program which can be purchased and includes earthquake, flood, landslide, mudflow, earth movement.

D) Form used to supply coverage:

1. (1) Apartments, Flats, Bungalow Courts:
Standard Forms Bureau Form 14 BNS Fire ECE and VMM
- (2) Dwellings:
Standard Forms Bureau Form 184 BNS Fire ECE and VMM
Dwellings
Standard Forms Bureau Form 185 BNS All Risk except
Earthquake & Floor
- (3) Property other than above:
Standard Forms Bureau Form 78 DNS Fire, ECE and VMM
- (4) Perils of Flood, Earthquake, Landslide, Mudflow under
Government Catastrophe program can be purchased in
addition to coverage listed.

2. Amounts of Insurance

A) Maximum Protection for Owner and City (optional)

100% of appraised replacement cost value.

B) When Interest of City Only is Protected: (mandatory)

Policy in the amount of the loan payable to City and written without average clause.

C) On dwellings if 80% of appraised replacement cost value is insured, partial losses will be adjusted on Replacement cost new basis. Total loss is paid on the amount of insurance in effect, which is 80% of appraised replacement cost.

3. Special Endorsements Required for City Protection:

Policy shall be endorsed to:

A) Cover City and County of San Francisco

B) Make loss payable to owner, mortgagee's (if any) and City and County of San Francisco as their interests may appear.

C) Amend cancellation clause to provide 30 days notice of cancellation or major change to City and County of San Francisco, Real Estate Department - 450 McAllister Street, San Francisco, Room 600.

Lender's Loss Payable Enforcement Standard Forms Bureau Form 438 BFU shall be attached.

Standard Forms Bureau Form 475 BNS shall be attached if policy is written on a Replacement Cost New recovery basis.

7.19 Base Rent and Rent Increase Limitations

1. Pertinent Definitions:

A) Landlord Defined: A person who owns real property which he/she rents out to others.

B) Tenant Defined: A person who occupies or has temporary use and possession of real property.

C) Landlord and Tenant Relationship defined: The relationship which exists by virtue of a contract, express or implied, between two or more persons, for the use, possession or occupation of real property either for a definite period, from year to year, month to month, for life, or at will.

When the relationship is created by an express contract, the instrument used is called a lease. The tenant, thereby, becomes known as the lessee and the landlord as the lessor.

A tenancy relationship may also arise by necessary implication from the circumstances of the relationship. For the purposes of this Chapter, and in fulfilling the meaning of the R.A.P. Ordinance; an implied tenancy shall exist when the landlord has given the tenant permission to occupy his/her property in return for compensation.

D) Consumer Price Index Defined: A statistical survey compiled and published by the Bureau of Labor Statistics of the United States Department of Labor. The Index is designed to measure changes in the purchasing power of the urban consumer's dollar and is often referred to as the "cost-of-living" Index. The Index is used as a guide for revising wages, salaries and other income payments to keep in step with changing prices, and as an indicator of the rate of inflation in the American economy.

E) Base Rent Defined: Base Rent for a dwelling unit is the rent charged for the dwelling unit on the base rent date. The Base rent date is the 180th calendar day preceding the date of designation of the area for residential rehabilitation by the Board or the date ten/calendar days preceding the first public meeting conducted in a residential rehabilitation area by the Director of Planning, whichever is earlier in time.

2. Establishing Base Rent

A) In establishing or revising the base rent, the Director shall take into consideration the rent charged on the base rent date for comparable units within the same building; the rent charged on the base rent date for comparable units in the immediate neighborhood; and any special or unusual circumstances affecting the rent charged on the base rent date for the subject unit. Where the situation arises that no rent was being charged on the Base rent date, or if the owner believes that the rent charged on the base rent date was unreasonably low due to special conditions, the owner may petition the Director to establish a base rent or to review the base. The Director shall give notice and an opportunity to comment in writing to tenants to be affected by the Director's decision.

B) Any owner who petitions the Director to establish or revise the base rent and any tenant occupying a unit for which such a petition is brought by the owner may appeal the base rent to the Area Rent Committee. Unless the Area Rent Committee decides otherwise by a vote of three, the decision of the Director shall stand.

C) Valid leases that were consummated prior to the Base Rent Date shall supersede the effects of this section.

3. Rent Increase Limitations

A) The owner shall agree that during the time his/her conventional RAP loan is outstanding, rent for any dwelling unit in the rehabilitated residence shall not exceed the base rent plus actual increased costs to the owner in the form of monthly loan payments, property taxes, insurance, maintenance and annual adjustments tied to the San Francisco/Oakland Bay Area Consumer Price Index.

B) The Director shall determine what the total legal room count for the property shall be after rehabilitation has been completed. Bathrooms shall not be included in the count and a room must have a minimum of 80 square feet to be considered legal. The total legal room count for each unit or apartment shall be determined and computed as a percentage of the total legal room count of the property. This percentage shall indicate the proportion of actual cost increases applicable to each individual unit or apartment.

The owner shall furnish any evidence of actual increases in monthly loan payments, property taxes, insurance premiums and maintenance expense to the Director during the first month of each year. The Director then shall calculate these increases together with the "cost-of-living" adjustment.

C) The Director shall calculate the annual "cost-of-living" adjustment on the basis of the San Francisco/Oakland Bay Area Consumer Price Index as of January 1 each year, and shall announce to both owners and tenants the adjustment no later than thirty calendar days following publication of such figures by the Bureau of Labor Statistics of the U. S. Department of Labor.

The adjustment shall be made by applying the proportionate change in figures of the Consumer Price Index Component Item Rent to the Base Rent of the individual unit or apartment. The mathematical procedure shall be accomplished by using the latest December C.P.I. Rent figure and dividing it by the C.P.I. Rent figure applicable at the time the Base Rent was established.

Example

C.P.I. component Rent figure for Base Rent Date (June 1973) = 132.9
 C.P.I. component Rent figure for Current Period (Dec. 1974) = 141.3
 Base Rent equals \$150.00 per month

Formula to determine maximum Rent Increase due to increase in C.P.I.:

$$\begin{array}{rcl}
 \frac{X}{\text{Base Rent}} & = & \frac{\text{Current Period Index}}{\text{Base Period Index}} \\
 \\
 \frac{X}{\$150.00} & = & \frac{141.3}{132.9} \\
 \\
 X & = & \frac{141.3 \times \$150.00}{132.9} \\
 \\
 X & = & \frac{21,195.00}{132.9} \\
 \\
 X & = & \$159.48
 \end{array}$$

The above procedure will be used in all subsequent annual adjustments. From time to time the Bureau of Labor Statistics may readjust its figures and change its Base Year. When such changes occur, the Director shall readjust his figures to correspond with those of the Bureau of Labor Statistics.

It is the intention of the Bureau of Labor Statistics to publish two indexes starting in 1977 - an updated version of the current "Consumer Price Index for Urban Wage Earners and Clerical Workers", and a broader "Consumer Price Index for all Urban Households".

The Director shall change over to using the newer and broader index at such time that the Bureau of Labor Statistics implements it and the change appears feasible. There may be a necessity to make a further figure adjustment when changing from the older index to the new, and this shall be done after receiving advice and counseling from the Bureau of Labor Statistics and/or other statisticians or economists.

D) The landlord may begin collecting any allowed rent increase effective on April 1st of each year after giving a one month prior notice to the tenant.

4. Rent Increase Protest Procedures

A) When a tenant believes that the rent for his/her dwelling unit has been increased above the amounts allowed by this Section, the tenant may file a complaint either through the CAC to the Director or directly to the Director. The procedure for handling the complaint is as follows:

1. The Director shall investigate the tenant's complaint and shall render a decision, if at all possible, not more than thirty calendar days after receiving the complaint;

2. If the Director determines that the complaint is valid, he shall notify the owner to reduce the rent to the amount allowable under this Chapter and rebate the excess amount collected to the affected tenant within fifteen calendar days of notice of the decision unless an appeal is filed with the Area Rent Committee within seven calendar days of notice of the Director's decision.

3. If an appeal from the Director's decision is filed, by either a tenant or the owner, the complaint shall be heard by the Area Rent Committee, and shall be heard within thirty calendar days of the decision on the Director.

4. If, on appeal, three members of the Area Rent Committee cannot agree on a decision, the decision of the Director stands as the decision of the Area Rent Committee; and

5. If the owner is found to have violated the rent increase limitations, the property owner shall reduce the rent to the amount allowable under these rules and regulations, and within fifteen calendar days of the decision of the Area Rent Committee, the owner shall rebate the excess amount of rent collected.

5. Sanctions for Violation of Rent Increase Limitations:

A) If an owner refuses to rebate excess rent collected in violation of the provisions of this Section or if the owner has been found to be repeatedly violating the rent increase limitations, or if the owner evicts, attempts to evict or threatens to evict tenants seeking their rights under these rules and regulations, the Director may declare the conventional R.A.P. loan agreement terminated, and the unpaid amount of the loan shall immediately become due and

payable. In determining whether to declare a loan agreement terminated, the Director shall consider any recommendations of the Citizens' Advisory Committee for the residential rehabilitation area where the property subject to the loan is located.

7.20 Loan Committee Membership and Functions

1. Loan Committee - Membership:

A) There shall be a single Loan Committee representing all rehabilitation areas, and consisting of the following members:

1. One individual from each residential rehabilitation area who shall be appointed by the Citizens' Advisory Committee for the area.

2. One individual who is a permanent employee of the Real Estate Department; and

3. One individual qualified in the field of real estate lending and financing who shall be appointed by the Director, unless provided otherwise in any bond resolution issued pursuant to the provisions of The Ordinance.

2. Loan Committee Functions:

A) The functions of the Loan Committee are as follows:

1. The Loan Committee shall periodically review the rules and procedures and standards for the granting of residential rehabilitation loans and shall recommend changes as needed to the Director.

2. The Loan Committee shall, upon appeal by the applicant, review and recommend approval or denial of applications previously denied by the Director.

3. The Loan Committee shall operate in a manner consistent with by-laws which shall be developed by the Director, and the recommendations of approval or denial of loan applications shall be in accordance with the requirements contained in, or adopted pursuant to these rules and regulations.

7.22 Assurance That Rehabilitation Will Be Completed

1. In some instances, the cost of rehabilitation may exceed the amount of a conventional RAP loan, a hardship loan or a combination of both. In such cases, the loan shall not be approved unless the applicant provides whatever additional amounts are required to assure completion of the required rehabilitation work.

A) Such additional amounts may consist of either cash or a bona-fide written commitment for a supplemental loan from a recognized lending institution.

B) Such additional amounts shall have been deposited in escrow by the loan applicant prior to funding of the loan by the City.

7.23 Approval or Disapproval of Loan Application

1. Review and Approval of Loan Application by the Director.

A) Immediately upon completion of a loan application package, the RPLO shall submit the package to the Director for review and recommendation. The Director shall review the loan application in order to:

1. Ascertain that the application is complete and that all supporting and verifying documentation is included;

2. Ascertain that the applicant meets all the criteria established by these regulations and/or required by The Ordinance for approval of the type of loan requested;

3. Ascertain that all required fees have been paid.

B) If the loan application is for a conventional RAP loan and;

1. The total liens on the property to be rehabilitated including the amount of the loan for rehabilitation do not exceed eighty percent of the after rehabilitation value of the property and the loan for rehabilitation is within the maximum limits set forth in these regulations, the Director may approve the loan application provided the applicant meets the eligibility requirements set forth in The Ordinance and this Chapter.

2. The total liens on the property to be rehabilitated including the amount of the loan for rehabilitation exceeds eighty per cent but not ninety-five per cent of the after rehabilitation value of the property and/or if the loan would exceed the maximum amount of loan limits set forth in these regulations but do not exceed \$17,500.00 per unit, the Director may approve the loan application, provided that the applicant meets the eligibility requirements set forth in The Ordinance and this Chapter.

C) If the loan application is for a conventional RAP loan and includes refinancing, the Director may approve loan application provided the applicant meets the eligibility requirements set forth in The Ordinance and this Chapter.

D) If the loan application is for a hardship loan or for a combination conventional RAP loan and a hardship loan or for a combination conventional RAP loan with refinancing and a hardship loan, the Director may approve the loan application provided that the applicant meets the eligibility requirements set forth in The Ordinance and this Chapter.

2. Procedure Following Disapproval of Loan Application by the Director

A) If the Director disapproves a loan application, he shall first discuss his reason for denial with the RPLD. The RPLD shall make every attempt to alleviate the reason so that the Director could reconsider his decision.

B) If the loan is disapproved by the Director, the RPLD shall contact the loan applicant and give the reason for that disapproval. The RPLD will also explain to the loan applicant about the right to request further review of the loan application with the Loan Committee.

1. Due to the confidentiality of the loan application, the Loan applicant must give written permission to the Director to transmit the loan application to the Loan Committee for review.

C) If the Loan Committee, after reviewing the loan application, recommends that the loan application should be approved, it shall transmit the loan application with its recommendations to the CAO.

D) The CAO shall review the loan application and take into consideration the recommendations of the Loan Committee together with all other data.

1. If the CAO does not accept the recommendations for approval by the Loan Committee, he or she shall give the reasons for such refusal to approve the loan in writing to the loan applicant and to the Loan Committee.

2. The decision of the CAO shall be final.

7.24 Truth in Lending Disclosure Statement

1. Background of Truth in Lending Act:

A) The Truth in Lending Act is Title 1 of the Consumer Credit Protection Act (Public Law 90-321; title 15, U. S. Code 1601 et seq.), enacted by Congress on May 29, 1968. The Act requires that borrowers in "consumer credit transactions" be vested with certain rights and protections in connection with the transaction and receive specified written information from their lenders. The disclosures must be made before credit is extended and before the borrower becomes obligated in connection with the transaction; i.e., before execution of a Note-and-Deed of Trust. Among the required disclosures are:

1. The amount of credit the borrower(s) will have for his/her actual use (the AMOUNT FINANCED); and

2. The FINANCE CHARGE (consisting primarily of interest but also other fees and charges) expressed both as a dollar amount and as an ANNUAL PERCENTAGE RATE.

B) The requirements of the Truth in Lending Act were effective July 1, 1969. The Board of Governors of the Federal Reserve System has promulgated regulations implementing and interpreting the act. These are entitled: "Regulations Z".

2. Requirements and Applicability.

A) The Truth in Lending Disclosure Statement, is to be used at loan settlement in meeting the requirements of the Truth in Lending Act. The Disclosure Statement shall be given the borrower at loan settlement but prior to the time he executes the Deed of Trust and Promissory Note obligating his repayment of the loan.

B) When the Disclosure Statement is given to the borrower he shall be requested to sign and date an identically completed Disclosure Statement in the presence of a RPLO or other authorized representative of the Real Estate Department who shall also sign as witness. The signed and witnessed copy of the Disclosure Statement shall be retained by the Real Estate Department in the loan file.

C) A completed Disclosure Statement shall be given to all borrowers of rehabilitation loans on residential and mixed-use property containing one to four dwelling units, except those borrowers which are corporation, partnership, or otherwise organized as an independent entity or business firm under local law.

D) No Disclosure Statement need be given a borrower of a rehabilitation loan on nonresidential property, or residential property or a mixed-use loan containing 5 or more dwelling units.

3. Borrower's Right of Rescission.

A) Under the Truth-in-Lending Act, certain borrowers have right, within a 3-day period, to rescind the entire loan transaction. This right of rescission applies to rehabilitation loans, secured by a deed of trust, on residential or mixed-use property containing one to four dwelling units owned by a borrower who:

1. is a natural person, and
2. makes (or is expected to make after rehabilitation) his home on any part of the property.

4. Notice of Opportunity to rescind Transaction.

A) Borrowers who are entitled to rescind their loan transaction shall receive a properly completed "Notice to Rescind", a copy of this form appears in Section 31 (Forms and Documents) of this Chapter.

B) The RPLO shall give the borrower two copies of the notice at loan settlement, and prior to execution of the deed of trust and note. The notice's nature and purpose shall be explained. One additional, or third copy of the notice shall be signed by the borrower so as to evidence receipt of two copies of the notice. The receipted copy shall be retained by

the Real Estate Department in its loan file.

C) The Real Estate Department shall, on its own letterhead, reproduce the notice, both front and back, as it is shown in Section 31. The text shall consist of the same language, with blanks completed, so as to show the application number, loan settlement date, deadline for rescission (three business days following loan settlement date), and the Real Estate Department's name and address (including ZIP code). The paragraph entitled, "Effect of Rescission" shall appear on the reverse of the notice. The size of the text on both sides of the notice shall not be less than 12-point bold-faced type as shown in Section 31 of this chapter (Forms and Documents).

D) The "Notice to Rescind" enables borrower, within 3 days following the loan transaction, to rescind the transaction. To compute the running of the 3-day rescission period for entry on the notice, the date of loan settlement on which borrower receives the notice shall be treated as Day Zero and the next business day thereafter as Day One, etc. Three business days must elapse following loan settlement date to complete the rescission period. A business day is any calendar day except Sunday and the following holidays on the dates established by law: New Year's Day, Washington's Birthday, Admission Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

E) The Real Estate Department shall make no disbursement from the rehabilitation escrow account, with respect to borrower, during the 3-day rescission period. In this regard, the mortgage payoff check in connection with any refinancing shall be dated as the day next following the last day of the rescission period, with the amount of the check reflecting accrued interest and other charges accordingly. The check shall not be released by the Real Estate Department before such date.

5. Cancellation of Loan Transaction by Borrower(s).

A) The loan transaction shall be considered cancelled if the borrower's notice to that effect is given within the required period. Notification by mail shall be considered given at the time mailed as indicated by the postmark; notification by telegram shall be considered given at the time filed for transmission; and notification by any other writing shall be considered given at the time delivered to the Real Estate Department's address.

6. Accomplishment of Rescission.

A) It is expected in most cases that the borrower's rescission will be accomplished by his mailing or delivery of the notice, bearing his signature and date under the cancellation recital. However, rescission may be accomplished by any written communication signed by the borrower or a telegram sent by the borrower. Oral communications cannot accomplish rescission, therefore, whenever so indicated they should be followed up by the Real Estate Department to obtain written rescission.

7. Action by Real Estate Department Upon Receipt of Written Request for Rescission.

A) The Senior Building Inspector shall be notified in writing of borrower's rescission.

B) The Loan Committee shall be notified in writing of borrower's rescission.

C) All unearned funds deposited into escrow by the borrower (that is, those funds placed in escrow by the borrower for services or property improvements not covered by the loan and which services or improvements were not performed or made) shall be refunded except the prepaid fees for:

1. Appraisal
2. Estimator
3. Credit report
4. Preliminary Title Report

D) Loan file shall be marked "Cancelled by Rescission".

E) Original signed Promissory Note and original signed Deed of Trust shall be marked cancelled and returned to borrower(s).

7.25 Loan Funding and Close Out

1. Loan Funding.

A) An Escrow Account shall be set up with a licensed Escrow Holder for each individual loan. Loan funds can only be deposited in this Escrow Account. There shall be no exceptions to this procedure.

B) The Director shall select only one Escrow Holder to be used for all Escrows in order to facilitate ease of auditing by the Controller and balancing of records by the Real Estate Department.

2. Loan Close Out.

A) As Rehabilitation work progresses, the Building Inspector shall request payment checks through the Real Estate Department to be made payable to the borrower and the Building Contractor. A written request authorizing this payment shall be sent to the Escrow Holder who will issue a check in accordance with the instructions of the Real Estate Department.

B) Upon completion of the work, the Building Inspector shall send a Notice of Completion to the Real Estate Department who will send it to the Escrow Holder for recordation; 35 days after recording the Notice of Completion, the building inspector shall request the final check made payable to the borrower and the Contractor. Any monies left in the escrow account shall be sent to the Loan Servicer to reduce the principle of the loan.

C) The Escrow Holder shall prepare a closeout statement itemizing all disbursements from the Escrow Accounts - original and two copies. The

original of this statement shall be given to the borrower(s), two copies signed by the owner, one copy to be retained by the building inspector, the other signed copy to be sent to the Real Estate Department for their file.

7.26 Default Collections & Trustee's Sales

The Real Estate Department shall be notified by the contracted loan servicer of any RAP loans that are in arrears. Borrowers with loans that are in arrears for two successive months will be contacted promptly by the Real Estate Department. A report in writing to the Director setting forth the reasons for being delinquent will be made by the RPLO and the borrower made aware of the consequences of going into default. Every effort shall be made to bring the borrower's loan to current status.

A loan that is three months in arrears in monthly payments is considered to be in default and liable for foreclosure by Trustee's sale.

When a property becomes subject to foreclosure procedures, the Director shall immediately so inform the Citizens' Advisory Committee for the residential rehabilitation area where the property is located.

The Real Estate Department shall be responsible for coordinating the servicing of delinquent loans and loans that are in default. It will administrate the filing of notices of default and initiate and supervise any trustee's sales.

CHAPTER 8
RELOCATION POLICY

8.1 Purpose

The purpose of this policy is to set forth the conditions of eligibility for relocation benefits and to describe the various types of benefits available to eligible persons who are displaced by Rehabilitation Assistance Program (RAP) activities and who do not receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

8.2 Administration

Central Relocation Services shall be responsible for administration of relocation benefits, including the provision of general services.

8.3 Applicability of Federal Regulations

It is the City's policy to provide relocation benefits on a uniform basis throughout the City to the extent possible. Therefore, to the extent that they are not in conflict or inconsistent with the regulations set forth in this chapter, the regulations issued by the U. S. Department of Housing and Urban Development to implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 shall be applied by Central Relocation Services in administering the provisions of this chapter. These regulations are found at 24 Code of Federal Regulations 42.1 et seq.

8.4 General Services and Assistance

These are the services and assistance which will, at a minimum, be provided to all persons or businesses located in a RAP area:

A) Not less than 90 days prior to displacement, residents of the RAP area shall be informed of the availability of various types of relocation benefits, the eligibility requirements for relocation benefits and the procedures for obtaining relocation benefits;

B) Current and continuing information on the availability and cost of comparable housing and comparable commercial properties and locations will be maintained and available to the public at the Central Relocation Services office;

C) Information concerning Federal and State housing programs, disaster loan and other programs administered by the Small Business Administration, and other Federal or State programs offering assistance to displaced persons, will be available at the Central Relocation Services office; and

D) Persons who believe that they have been discriminated against in the rehousing process will be referred to the Human Rights Commission for either action or referral to the appropriate law enforcement agencies.

8.5 Eligibility for Relocation Benefits under Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

Persons eligible for relocation benefits under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Relocation Act) are not eligible for relocation benefits under this policy. Persons who may be eligible for benefits under the Uniform Act are:

A) Persons living in those residential rehabilitation areas which were previously a part of the Federally Assisted Code Enforcement program, Bernal Heights, Duboce Triangle, and Alamo Square; and

B) Persons displaced as a result of the acquisition of real property by the City in connection with RAP activities.

8.6 Eligibility for Federally Assisted Housing Programs

Families and individuals who are eligible for and to whom "Section 8" housing assistance payments and other federally assisted housing programs have been made available are not eligible for relocation benefits under this policy except as and to the extent benefits under this program are necessary to supplement the federal subsidy.

8.7 Moderate or Low-Income Household

For the purpose of determining eligibility for relocation payments, a "moderate" or "low income" household is a household where the total combined income of the occupants does not exceed 120% of the median income of a household of a family of four in San Francisco as determined by the Regional Office of the United States Department of Housing and Urban Development (HUD) in connection with administration of the Housing and Community Development Act of 1974 (P.L. 93-383). The Director of Central Relocation Services shall make appropriate adjustments to the HUD figures to take into account the number of persons in a particular household. Income shall be calculated from all sources of each person residing in the household, except that there shall be excluded:

A) The annual income of any member of the household (other than the head of the household or his or her spouse) who is under 18 years of age, or is a full-time student;

B) The first \$300 of the annual income of a secondary wage earner who is the spouse of the household;

C) An amount equal to \$300 for each member of the household (other than the head of the household or his or her spouse) who is 18 years of age or older and is disabled or handicapped, or a full-time student;

D) Non-recurring income;

E) 5% of the household's gross income (10% in the case of elderly households);

F) Such extraordinary medical or other expenses as the Director of Central Relocation Services approved for exclusion; and

G) An amount equal to the sums received by the head of the household or his or her spouse from, or under the direction of, any public or private non-profit child placing agency for the care and maintenance of one or more persons who are under 18 years of age and were placed in the household by such agency.

8.8 Definitions of "Rent" Used Herein

A) "Rent" refers to the contract rent for a dwelling unit plus utilities;

B) "Old Rent" refers to the rent a family or individual was paying for a dwelling unit immediately prior to the time the unit was rehabilitated or demolished;

C) "New Rent" refers to the after-rehabilitation rent on a dwelling unit which a family or individual was renting immediately prior to the time the unit was rehabilitated.

8.9 "Replacement Housing"

The term "replacement housing" include the unit the tenant was living in prior to its rehabilitation as well as a dwelling unit at a different location.

8.10 Definition of "Rehabilitation Work"

The term "rehabilitation work" refers to work financed by a RAP loan or required for compliance with the San Francisco Housing and Building Codes.

8.11 Basic Eligibility for Replacement Housing Payments and Downpayment Assistance

To be eligible for replacement housing payments and downpayment assistance benefits under this policy, at a minimum, a family or an individual must live in a unit in a RAP area which is to be rehabilitated and must qualify as a moderate or low income household.

8.12 Replacement Housing Payment for Homeowners

When a low or moderate income homeowner must demolish his or her home, pursuant to an order of the Director of Public Works because repair is not feasible, and the Bureau of Building Inspection certifies that repair rather than demolition is not feasible, the homeowner is eligible for a replacement housing payment of up to \$15,000.

8.13 Replacement Housing Payments and Downpayment Assistance Benefits for Tenants

A) Purpose - The purpose of the replacement housing payments and downpayment assistance payments for tenants is to provide assistance to low and moderate income families and individuals in renting or purchasing comparable, suitable standard replacement housing.

B) Eligibility - In addition to meeting the basic eligibility criteria for replacement housing payments and downpayment assistance benefits, the tenant must meet one of the following sets of criteria:

1. A family or individual qualifies if:
 - a) They have received a written order to vacate the unit from the owner and the Bureau of Building Inspection has certified that the rehabilitation work to be done is so extensive that it cannot reasonably be undertaken without vacation of the property; and
 - b) They have occupied the dwelling unit at least 90 days prior to the date of receipt of the written order to vacate; or
2. A family or individual qualifies if:
 - a) The amount of the new rent attributable to rehabilitation as certified by the Bureau of Building Inspection, is 10% or more above the old rent; and
 - b) The new rent will exceed 25% of their gross income; and
 - c) They have occupied the unit at least 90 days prior to the date the owner notifies them in writing of a proposed rent increase.

C) Decent, safe and sanitary housing - A replacement housing payment can only be made when the replacement housing has been certified by the Bureau of Building Inspection to be decent, safe and sanitary housing.

8.14 Computation of Replacement Housing Payments for Tenants

Replacement housing payments for tenants shall be computed and paid annually; provided, however, the total amount of benefits paid shall not exceed \$4,000. The benefits for tenants in temporary housing shall be computed and paid on a monthly basis during the time the tenant is in temporary housing. The amount of the annual replacement payment shall be determined as follows:

A) When the new rent and the replacement housing rent do not exceed 25% of the gross monthly income of the family or individual there will be no rental housing payment.

B) When the new rent and the replacement housing rent exceeds 25% of the gross monthly income of the family or individual, the rental housing payment shall be the lesser of these amounts multiplied by 12, but not to exceed \$1,000 annually;

1. The difference between the new rent and 25% of the gross monthly income of the family or individual; or
2. When the old rent is more than 25% of gross monthly income, the difference between the new rent and the old rent; or
3. The difference between the replacement housing rent and 25% of the gross monthly income of the family or individual; or
4. When the old rent is more than 25% of gross monthly income, the difference between the replacement housing rent and the old rent.

8.15 Computation of Downpayment Assistance Payment for Tenants

The downpayment assistance payment for tenants shall be computed treating as replacement housing rent the monthly rent of a comparable replacement dwelling according to the schedule developed by Central Relocation Services and it shall be paid in lump sum. the amount of the downpayment assistance payment for tenants shall be determined as follows:

A) When the new rent and the replacement housing rent do not exceed 25% of the gross monthly income of the family or individual there will be no downpayment assistance payment.

B) When the new rent and the replacement housing rent do exceed 25% of the gross monthly income of the family or individual, the downpayment assistance payment shall be the lesser of these amounts multiplied by 48, but not to exceed \$4,000;

1. The difference between the new rent and 25% of the gross monthly income of the family or individual; or
2. When the old rent is more than 25% of the gross monthly income, the difference between the new rent and the old rent; or
3. The difference between the replacement housing rent and 25% of the gross monthly income of the family or individual; or
4. When the old rent is more than 25% of gross monthly income, the difference between the replacement housing rent and the old rent.

C) That portion of a downpayment assistance payment in excess of \$2,000 must be matched dollar-for-dollar by the family or individual seeking the payment, and the total downpayment, including closing costs plus incidental expenses connected with closing, must be shown on the closing statement.

8.16 Moving Expense Payment for Families and Individuals

A) Purpose - The purpose of the moving expense payment for families and individuals is to give assistance to those persons who will be forced to move all or part of their personal property due to rehabilitation caused by code enforcement.

B) Eligibility - A family or individual qualifies for a moving expense payment, if:

1. In the case of tenants displaced because the rehabilitation work is so extensive it cannot be undertaken without vacation of the property:
 - a) They have received a written order to vacate the unit from the owner and the Bureau of Building Inspection has certified the need to vacate the unit; and
 - b) They have occupied the dwelling unit at least 90 days prior to the date of receipt of the written order to vacate; or
2. In the case of tenants displaced because of rent increases due to rehabilitation work:
 - a) Their new rent will be 10% or more above the old rent;
 - b) They have occupied the unit at least 90 days prior to the date the owner notified them in writing of a proposed rent increase; and
 - c) They actually move.
3. In the case of a homeowner, the Bureau of Building Inspection certifies that the move is necessary because the property must be demolished or because the rehabilitation work is so extensive it could not reasonably have been undertaken without the vacation of the property by the owner.

C) Choice of benefits - A family or individual who qualifies for a moving expense payment will have a choice of actual reasonable moving expenses or a fixed payment allowance for moving expenses plus a dislocation allowance.

D) Actual reasonable moving expense - Actual reasonable moving expenses will be granted except that the maximum payment on any one move shall be \$1,000 per dwelling unit.

E) Fixed payment allowance for moving expenses plus dislocation allowance:

1. The fixed payment allowance for moving expenses shall not exceed \$300 and shall be determined in accordance with the Federal Highway Administration schedule established by the California State Division of Highways;
2. A \$200 dislocation allowance to cover miscellaneous expenses will be paid to families and individuals electing to receive a fixed payment allowance for moving expenses in lieu of actual reasonable moving expenses.

F) Special Temporary Rent Assistance Program - In addition to the moving expense payments described above, funds for first and last month's rent, damage deposits, etc., may be available through the City-wide Special Temporary Rent Assistance Program (STRAP) which is also administered by the Central Relocation Services.

8.17 Moving Expenses for Businesses

A) Eligibility - A business may qualify for moving expense benefits if it has occupied the building or unit to be rehabilitated at least 90 days prior to the date of receipt of a written order to vacate and if the need to vacate the structure or a portion of the structure occupied by the business is certified by the Bureau of Building Inspection as being attributable to the fact that:

1. The building or unit must be demolished as result of code enforcement; or
2. The rehabilitation work financed by a RAP loan, or required for compliance with the San Francisco Housing and Building Code is so extensive that it cannot reasonably be undertaken without vacation of the property.

B) Payments - Moving expenses for eligible businesses include the cost of:

1. Transporting persons or personal property.
2. Packing and crating and unpacking and uncrating personal property.
3. Storing personal property for a period generally not to exceed 12 months, when Central Relocation Services determines that storage is necessary.
4. Insurance premiums covering loss or damage of personal property while in storage or transit.
5. Disconnecting, dismantling, removing, reassembling, reconnecting, and reinstalling machinery, equipment, or personal property (including goods and inventory kept for sale).
6. Reconnecting utility services to the extent that these services were required at the former location
7. Any license, permit, fee or certification determined necessary and/or required by law or ordinance to enable re-establishment of the business at the replacement location. The amount may not exceed the amount that the business concern would be required to pay annually.
8. Any professional services necessary to the planning, preparation for, or accomplishment of the move of tangible personal property to the new location or to enable re-establishment at the new location, including, but not limited to, fees or charges for the services of architects, attorneys, engineers, or consultants.
9. Property lost, stolen, or damaged (not caused by the fault or negligence of the displaced person, his agent, or employees) in the process of moving where insurance to cover such loss or damage is not available.

10. Relettering trucks, signs and similar items used by the concern in the operation of its business, and the amount paid (less salvage value, where applicable) for printing a reasonable supply of printed matter to replace that made obsolete as a result of the move. The duplication of a sign painted on a door or window or on walls may also be compensated.
11. Labor associated with the move to the replacement location.
12. Disconnecting and reinstalling leased equipment, such as telephone, burglar and fire alarm systems, and similar items of personal property.
13. Other moving-related expenditures that Central Relocation Services determines are reasonable and necessary.

8.18 Moving Expenses for Temporary Moves

Families and individuals who wish to move back to the dwelling unit they occupied prior to its rehabilitation will be allowed moving expenses to temporary housing and moving expenses back to the original dwelling unit if:

A) They have a written agreement that they can move back to the original dwelling unit with the owner of the property prior to the move to temporary housing; and

B) The Bureau of Building Inspection certifies that the rehabilitation work financed by a RAP loan or required for compliance with the San Francisco Building and Housing Codes is so extensive that it cannot be reasonably undertaken without vacation of the property.

8.19 Appeals from Determinations Regarding Eligibility for and Amount of Relocation Benefits.

Families, individuals, and businesses may appeal to the San Francisco Relocation Appeals Board from determinations made by Central Relocation Services regarding eligibility for and the amount of relocation benefits, and from a refusal by the Bureau of Building Inspection to make a certification required as a condition for eligibility for relocation benefits under this policy. The appeal shall be filed and acted upon in accordance with the terms of Chapter 24B of the San Francisco Administrative Code which establishes the Relocation Appeals Board.

8.20 Right of First Refusal

The borrower of a RAP loan is required to give to any tenant who must vacate a unit the right of first refusal to occupy that unit when rehabilitation of the property is completed.

8.21 Temporary Housing

To the extent funds and dwelling units are available, the City will provide temporary housing within the RAP area for families and individuals who wish to move back to the dwelling unit they occupied prior to its rehabilitation; providing:

A) They have a written agreement that they can move back to the original dwelling unit with the owner of the property prior to the move to temporary housing; and

B) The Bureau of Building Inspection certifies that the rehabilitation work financed by a RAP loan or required for compliance with the San Francisco Building and Housing Codes is so extensive that it cannot be reasonably undertaken without vacation of the property.

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